

FINANCIAL TIMES

Weekend November 12/November 13 1988

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No. 30,692

WORLD NEWS

Bundestag Speaker quits over speech

The West German Government was trying to regain credibility after the resignation of Bundestag Speaker Philipp Jenninger...

Govan probe ordered Labour leader Neil Kinnock ordered an inquiry into the Govan by-election result...

King's Cross study The Crown Prosecution Service confirmed it was studying papers relating to the King's Cross fire disaster...

Victims still missing More than 30 victims of the Piper Alpha oil rig disaster may never be found...

Emergency jails to close Two temporary prisons opened in army camps on Salisbury Plain and at Camberley...

Czech police raid hotel Police in Czechoslovakia raided a Prague hotel, breaking up an independent meeting...

Apartheid restored South Africa's white supremacist Conservative Party is restoring hard-line apartheid...

Israeli imposes curfew The Israeli army imposed an indefinite curfew on the 600,000 Arabs in the Gaza Strip...

Sri Lanka clampdown The Sri Lanka Government, in an attempt to clamp down on Marxist rebels...

Peace talks adjourned Iran and Iraq peace talks were adjourned with no breakthrough...

Patrol shoots soldier An off-duty British soldier was seriously injured in Northern Ireland after an army patrol mistook him for an IRA gunman...

Liverpool loses battle The High Court outlawed an attempt by Liverpool City Council to boycott the Government Employment Training programme...

Diamond sold for \$8.6m An anonymous buyer paid \$8.6m (£5.4m) for a 181.77-carat diamond, discovered in the Acor mine, Guinea, West Africa...

Housing plan goes ahead Nicholas Ridley, Environment Secretary, gave the go-ahead for up to 43,500 homes to be built in Berkshire over the next eight years...

Signalling the end The International Maritime Organisation is replacing the Morse code radio messages for ships at sea in favour of the Global Maritime Distress and Safety System...

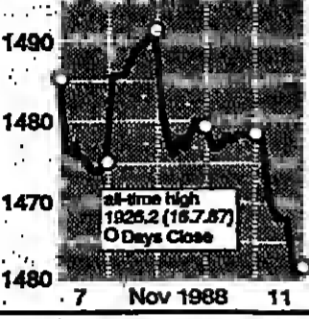
BUSINESS SUMMARY

Harp Lager acquires Buckley's

HARP LAGER, a Guinness brewing group subsidiary, has taken control of Buckley's Brewery, a small Welsh company formerly run by Peter Clowes...

LONDON EQUITIES were mainly influenced by events in the US. Starting the week at 1,455.6, the FT Ordinary share index enjoyed a technical rally before resuming the fall that had started before the

FT Index Ordinary Share (hourly movements)



presidential elections. Concern that the dollar's slide could prompt higher interest rates depressed UK equities still further...

FII FIFTEEN, the Irish food company, was ordered by the Dublin Supreme Court to sell its 20 per cent stake in Irish Distillers Group to Pernod Ricard...

STOCK EXCHANGE is being investigated by the Office of Fair Trading following complaints by two member firms about the introduction of rival automated dealing systems...

SARA LEE, the US foods and clothing group, is taking a 25.1 per cent stake leading Israeli-textiles company Delta-Gall...

ELCOTROLUX of Sweden, the world's biggest white goods manufacturer, has sold 25 per cent to the UK's RSC Group...

NATIONAL Semiconductor, one of Silicon Valley's biggest chip makers, predicted "significant operating losses" in the current quarter...

CONTROL DATA, a US computer company, has sold 85 per cent of its local South African operations to the local company, Danlev...

NICHII, a Japanese supermarket chain, is buying a 11.6 per cent stake in the UK's Nissen Construction...

TNT, Australian-based transport group, pushed first-quarter profits up 16 per cent and forecast another record performance in the year to June 1989...

ROBERT MAXWELL said he was negotiating to take control of long-making Italian text book publisher IPSOA...

GOLDBERG, Scottish-based retailer, reported interim pre-tax profits down from £700,000 to £394,000 in the 26 weeks to September 24...

COREY town centre in Northamptonshire is for sale, with 23 acres and the 300 shops and offices on them on offer as a single lot...

False Start sets \$17m record as art world goes wild

THE HIGHEST price ever paid for a work by a living artist, \$17.05m (£9.4m), was achieved at Sotheby's New York auction room on Thursday night...

Dollar slide continues amid US deficit fears

By Peter Norman in London and Janet Bush in New York

THE DOLLAR ended a miserable week sharply lower amid continuing concern yesterday that the newly-elected Bush Administration would be unable to devise credible plans to cut the US budget and current account deficits...

Highly visible intervention by the Japanese central bank in the Far East and London, together with modest dollar support by the Bank of England and the West German Bundesbank, failed to prevent the US currency closing in London at a 10-month low against the Japanese yen...

Against the West German currency, it lost 3.3 per cent over the week to close in London at DM173.4 compared with Thursday's DM175. At mid-session in New York, it was quoted at ¥122.85 and at DM173.4.

The dollar also weakened against the pound, spreading gloom to the London equity market as export-dependent companies were hit. Sterling advanced to \$1.8155 from \$1.795

on Thursday and showed a 2.8 per cent gain against the dollar over the week. On the London Stock Exchange, the FT-SE 100 index ended at 1,422.7, down 23.5 and only fractionally above the day's low...

Pressure on the dollar worsened after Mr Martin Feldstein, chairman of the Bureau of Economic Research and an adviser to Mr Bush, repeated his view that the dollar would have to fall another 10 per cent to 20 per cent during the next three months...

Lord Young said: "There was no failure in procedures in either the Office of Fair Trading or my department. Elders' actions were clearly informed by the OFT at the time of the announcement that undertakings not to purchase further shares were being sought."

Elders has said that at no time before or during its purchasing did it face any bar on share buying either from the OFT or the Commerce and Industry Department and that no undertaking had been given in this connection.

Lord Young said in his letter, that in future when a bid was referred to the MMC an order which was legally enforceable would come into being the time the reference was announced. This would replace the former system of undertakings that share-stake-building

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Young prohibits predator share purchases after bid referrals

By Lisa Wood

LORD YOUNG, the Trade and Industry Secretary, yesterday announced that once a bid is in future referred to the Monopolies and Mergers Commission it will be immediately illegal for the predator to buy shares in the target company.

The Government's action, announced in a letter to Mr Bryan Gould, Labour's Trade and Industry spokesman, is an attempt to cool the politically embarrassing row over a share-buying spree on Thursday by Elders IX.

On Thursday, Elders - which had made a £15m takeover bid for Scottish & Newcastle Breweries last month - increased its hostile stake in the brewer from 14.1 to 23.6 per cent in under an hour.

This occurred minutes after news that the bid had been referred to the Monopolies and Mergers Commission flashed

onto Stock Exchange information screens. This opportunistic action was seen by the Government as a breach of the spirit, if not the letter, of rules governing corporate practice after an MMC inquiry had been announced.

Normal practice in the City is for share-buying to stop after a reference is made. Elders' action has resulted in claim and counter-claim between it and the Office of Fair Trading concerning whether it was asked to give undertakings to stop buying shares by the OFT about five minutes before the Stock Exchange opened.

Lord Young was replying to a letter from Mr Gould in which the hour Mr Young said: "Does the whole sorry episode not demonstrate the futility of relying on rules which have no statutory force?"

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Politburo tackles Baltic tension

By Quentin Peel in Moscow

THREE LEADING members of the Soviet Union's ruling Communist Party Politburo flew yesterday to the increasingly turbulent Soviet Baltic republics, in an apparent effort to head off a growing rebellion over constitutional reform.

Hundreds of thousands of signatures have been gathered in the three republics to protest at excessive powers being granted to the central government in the new constitution proposed by Mr Mikhail Gorbachev. The protest appears to be causing growing alarm in the Soviet leadership.

The three trouble-shooters are Mr Viktor Chebrikov, former head of the KGB, who flew to Estonia, Mr Vadim Medvedev, the ideology chief, who flew to Latvia, and Mr Nikolai Silyukov, the economy supreme, who was despatched to Lithuania.

Their leaders say the constitution plans would actually reinforce the power of Moscow over the 15 Soviet republics. An emergency meeting of the Estonian Supreme Soviet, or parliament, has been summoned for next Wednesday, to protest about the draft reforms.

However, reading between the lines of its weekly communiqué, the Politburo, chaired by Mr Gorbachev, showed its concern about the criticism. It said the central committee of the Communist Party had been inundated with more than 80,000 letters, although they were "mostly favourable."

It went on to promise that "other major tasks" still to be tackled included harmonising relations between Moscow and the republics.

The Politburo said: "Later on it is intended thoroughly to discuss questions of the status of the union and autonomous republics."

The constitutional reforms are supposed to be approved at a Supreme Soviet meeting on November 29. Japanese in \$5bn Soviet petrochemical venture, Page 2

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Weekend FT



THE LIVELY COMPANIES

David Lascelles explores the 20th century challenges facing a world of privilege, tradition, charity and wealth

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Finance Clive Wolman explains the advantages of setting up your own friendly society

Page III

Diversions Channel tunnellers race the clock

Page XV

Travel William Glenton takes a cruise around Alaska's glaciers while Roger Beard visits Bergamo

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Books Douglas Helg - the Pittwater man of military history?

Page XVIII

Eureka! Peter Knight looks at the technology available for portable offices

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Sport Phillip Cogan discusses one of football's greatest characters

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MARKETS table with columns for DOLLAR, STOCK INDICES, and various market data.

CONTENTS table listing various news items and their page numbers.

GENERAL INFORMATION table listing various services and contact information.

GUINNESS FLIGHT FUND MANAGERS (GUERNSEY) LIMITED advertisement with contact details and fund information.

OVERSEAS NEWS

Japanese in \$5bn Soviet petrochemical venture

By Quentin Peel in Moscow

A JAPANESE-US consortium including Mitsubishi, Mitsui and Chioda yesterday signed a protocol for a joint venture with the Soviet Union to build a huge \$5bn petrochemical complex in western Siberia. The plant, to produce engineering plastics, polymers and polypropylene, is the latest in a spate of petrochemical projects to be announced by the Soviet Ministry of Chemical Industries...

chemical project of all in Siberia, a \$200m synthetic rubber plant at Tobolsk. However the US corporation yesterday refused to be formally identified with the project, in spite of the presence of top company officials at the signing ceremony. They said negotiations on the shape of the consortium were still going on.

Bonn Speaker opens old wounds David Marsh on the explosive impact of one insensitive speech

THE terrible history of Nazi Germany's genocide against the Jews has left countless time bombs along the Federal Republic's path towards post-war normality. By dramatically and inexplicably underestimating the sensitivity of the explosive fuse, Mr Philipp Jenninger, who resigned yesterday as president (speaker) of the West German Bundestag, has done more than shatter his own parliamentary career.



Philipp Jenninger on his way to announce his resignation

The man who until yesterday was constitutionally deputy head of state after President Richard von Weizsäcker has needlessly revealed, before the eyes of the world, the mistrust which still exists between Germany and the Jews 50 years after the pogrom of 1938. Worst of all - and most potentially damaging for relations with Israel - the embarrassing thoughtlessness of Mr Jenninger's remarks risk giving an additional boost to latent anti-Semitism in West Germany.

chancellor's speech-writer - at the West German Bundestag synagogue on Wednesday, Mr Kohl succeeded in making amends for his controversial trip to SS war graves in 1985. Now, the Chancellor has been left with a triple problem. The Jenninger resignation will overshadow this weekend's trip to the US during which he is to see prominent American Jewish leaders, as well as Mr Reagan and President-elect George Bush. It has exposed him again to a new burst of Israeli suspicion - underlined by the stinging official reaction from Jerusalem yesterday.

This was after Mr Einar Barzel, the previous incumbent, was forced out by a scandal over illicit political payments by the Flick industrial group.

Mr Ignatz Brubaker, the chairman of the Frankfurt Jewish community, who was in the Bundestag on Thursday to hear the Jenninger speech, said yesterday he had since read through the address six times. "There was quite a lot which he said which was right," said Mr Brubaker. "But he also said that in retrospect he could understand why the Germans were fascinated (by the Nazis). He explained that the German people were right to be blinded by Hitler."

One prominent conservative historian, who asked not to be quoted, said the Jenninger speech was "stupid and insensitive. It is more than a banana skin - he has done great damage to the image of the Federal Republic."

He added however that the tone of "de-gooding" which so often creeps into conciliatory German speeches over the Nazis - and which Mr Jenninger conspicuously avoided - was "rather cheap."

A seasoned ambassador in Bonn commented yesterday that it was "almost incomprehensible" that Mr Jenninger's speech had not been vetted or discussed by other senior politicians in advance. Mr Jenninger clearly felt himself "overwhelmed" by the task of making the speech. "He tried to be thorough but the effort misfired," said the diplomat. "It was plainly an accident that the second man in the state should make this mistake," he said, adding, "Let us hope it was only stupidity."

Cairo police arrest chief of Islamic finance firm

POLICE in Cairo have detained the chairman of al-Rayan, one of Egypt's largest Islamic finance firms, sources in the state prosecutor's office said yesterday. Reuter reports from Cairo. They said Ahmed Tawfik Abdel-Fatah was arrested on Thursday for questioning in connection with a law forcing more than 100 private Islamic finance companies to go public and transfer overseas funds into Egyptian banks or go out of business.

The Government earlier seized assets, funds and documents belonging to Rayan companies, key executives and family members. Fifteen people were shot dead, 29 wounded and 2,000 detained in a national protest day called by Marxist rebels trying to overthrow the Sri Lankan government, Reuter reports from Colombo. More than 2,000 demonstrators and a number of activists who incited workers to strike have been detained and are being questioned to determine if they are members of the Marxist People's Liberation Front (JVP), the sources said.

Chinese quake toll

Half a million people are homeless in the aftermath of southwest China's devastating earthquake, 400,000 of them without even emergency shelter, a rescue official said yesterday. Reuter reports from Beijing. Survivors at the epicentre, close to the border with Burma, are sleeping rough and tending injured relatives in the open amid the debris of their bamboo-hut villages, flattened by the quake five days ago.

Hirohito 'stable'

Emperor Hirohito's condition remained serious but stable yesterday as the royal family members at his bedside, palace officials said. Reuter reports from Tokyo. The officials said the 87-year-old Japanese monarch was feverish all day. Atsuko Ikeda, Hirohito's fourth daughter, who visited him yesterday afternoon, said that he appeared tired and spoke very little.

Students return

Burma's military rulers said yesterday that 919 students who fled after the September 15 army takeover had returned to their homes, Reuter reports from Rangoon.

The ruling military council said that 1,000 still remained with the ethnic guerrilla groups from whom they had sought sanctuary. On October 11 the army-run Rangoon Radio said 3,500 students had been evacuated from the forested hills along the Thai border where the guerrilla groups are based.

Refugee conference

Government officials from Australia, Canada, Japan, the US and other countries will meet in Malaysia next month to discuss the Indochinese refugee problem, a senior diplomat said yesterday. Reuter reports from Kuala Lumpur. The meeting will be the second round of the UN High Commissioner for Refugees consultation on Indochinese refugees.

Haughey recovers

Mr Charles Haughey, the Irish Prime Minister, is poised to make his parliamentary comeback after a serious illness last month. Mr Haughey, 68, who has needed hospital treatment five times this year, first for a kidney stones condition and later for a respiratory infection, could return to the Dail next week. He wants to be in the house to announce formally the appointment of his Finance Minister, Mr Ray MacSharry, as Ireland's new European Commissioner.

Mr MacSharry, 50 and Mr Haughey's heir apparent, is set to take over the job from Mr Peter Sutherland, who was appointed by Dublin's previous coalition government.

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Palestinian leaders grapple with details of strategy

By Andrew Gowers in Algiers

PALESTINIAN leaders were yesterday engaged in a last-minute debate on how, and whether, to modify their political strategy during the crucial meeting of the Palestine National Council which begins today. Amid tight security at the Club des Pins conference centre just outside Algiers, senior Palestine Liberation Organisation officials were continuing to grapple with the fine print of the unilateral declaration of independence which the PNC - the Palestinians' highest decision-making body - plans to issue early next week. Discussion is now focused on the central issue of whether and in what form to endorse United Nations Security Council Resolution 242, which calls on Israel to withdraw from territories occupied during the 1967 war. Mr Yasser Arafat, the PLO chairman, who is planning to address the UN General Assembly in the next few weeks, wants to take with him an authoritative document which he will be able to present as an advance in the Palestinian position. There is little to suggest that the Palestinians are much closer to resolving their old divisions on this subject, and Palestinian observers in Algiers predict that progress at this meeting will have to be measured in inches rather than yards. Mr Bassam Abu Sharif, a close aide to Mr Arafat, told reporters that he could not predict the outcome before the Palestinians had engaged in democratic debate. This PNC is the 19th such gathering of intellectuals, professionals, trade unionists and guerrillas from the Palestinian diaspora in the PLO's 24-year history. Predictably absent are such hard-line anti-Arafat groups as Mr Ahmad Jibril's PFLP-GC and the splinter group led by Mr Abu Musa, who are boycotting the meeting on the grounds that Mr Arafat is trying to use it as a pretext to recognise Israel. PLO officials expressed concern yesterday that many Damascus-based PNC members had not arrived, a fact which may indicate attempts to interfere with their departure by Syria, which deeply disapproves of the purpose of this meeting. The other constituency which will not be directly represented in the PNC is the Israeli-occupied territories themselves, whose eleven month uprising is the main reason for the holding of the PNC. Any member from the West Bank who attended would not be readmitted by the Israeli authorities. The plea of the inhabitants of the West Bank and Gaza for a move by the PLO to revive the peace process will, however, be presented by Palestinians deported by Israel, many of whom are expected to be present.

part, achieved only an agreement negotiated by the International Committee of the Red Cross to allow the repatriation of 411 Jordanian and 1,158 Iraqi prisoners of war. These prisoners were registered with the ICRC two years ago. The names of more sick and wounded will be notified to the ICRC in the hope that they can be returned to their countries before the end of the year. But no agreement was reached for the repatriation of the rest of the 100,000 POWs held on both sides. Deadlock persists on the withdrawal of troops to international boundaries, freedom of navigation in the Gulf and the clearing of the Shatt al-Arab waterway between the two nations, which is Iraq's main outlet to the sea. This last item is the main stumbling block. Iraq wants priority given to dredging the waterway. "Iraq insists that the work can only be carried out under the provisions of a 1975 treaty which gave it sovereignty over the eastern half of the waterway, Iraq's President Saddam Hussein tore up the treaty at the start of the Gulf war in 1980.

Iran-Iraq peace talks adjourned

By William Dulforce in Geneva

THE break in the talks would allow for "deep reflection" in the capitals and careful preparation so that the next round could move more swiftly to implementation of UN Security Council Resolution 598, which calls for a comprehensive peace settlement. Mr Eliasson will report on Monday to Mr Javier Pérez de Cuellar, the UN Secretary General, who presided over the first week of the latest round of talks. After two weeks in Geneva, Mr Ali Akbar Velayati, the Iranian Foreign Minister, and Mr Tariq Aziz, his Iraqi counter-

part, achieved only an agreement negotiated by the International Committee of the Red Cross to allow the repatriation of 411 Jordanian and 1,158 Iraqi prisoners of war. These prisoners were registered with the ICRC two years ago. The names of more sick and wounded will be notified to the ICRC in the hope that they can be returned to their countries before the end of the year. But no agreement was reached for the repatriation of the rest of the 100,000 POWs held on both sides. Deadlock persists on the withdrawal of troops to international boundaries, freedom of navigation in the Gulf and the clearing of the Shatt al-Arab waterway between the two nations, which is Iraq's main outlet to the sea. This last item is the main stumbling block. Iraq wants priority given to dredging the waterway. "Iraq insists that the work can only be carried out under the provisions of a 1975 treaty which gave it sovereignty over the eastern half of the waterway, Iraq's President Saddam Hussein tore up the treaty at the start of the Gulf war in 1980.

Israelis round up activists as 'independence' day nears

By Andrew Whitley in Jerusalem

EXTENSIVE precautions are being taken by the Israeli Army to prevent disturbances predicted in the occupied territories over the coming days, coinciding with a "historic" meeting of the Palestine National Council (PNC) in Algiers. Next Tuesday - already designated "independence day" by the 1.7m Palestinians living in the territories ruled by Israel since 1967, in anticipation of such a declaration from the PNC - is expected to mark a climax of the violent protests. The principal measures announced yesterday were the placing of the entire, 650,000 population of the Gaza Strip under a round-the-clock curfew for an indefinite period. Troop deployments on the streets are being reinforced, while armoured vehicles have reappeared for the first time since last February. According to the state radio, many suspected ringleaders have been arrested in the Gaza Strip and the West Bank in night-time round-ups this week. Well over 6,000 Palestinians are already under preventive detention, but the security forces seem to be taking few chances. In the West Bank, internal movement is being severely circumscribed, along with travel to and from Jerusalem. Officially, the blanket ban on movement across the 1967 "green line", applied on three previous occasions this year, is not in force; but the practical consequences, both for Palestinians and the foreign press, are identical. As the uprising moves into its twelfth month with little sign of any slackening of resolve - despite constant assurances to the contrary from Israeli officials - Palestinians themselves are astonished at the way in which "the intifada" has kept going, and become institutionalised. Daily fatalities, even of young children like the three-year-old boy killed in Gaza on Wednesday, are accepted with resignation as normal. Privately, Foreign Ministry officials have been concerned for months about the international repercussions of a Palestinian "state" by the PNC. Ahead of this weekend's meeting, Israel and the PLO struggled for months to cancel out each other's efforts to influence international opinion on the issue.

THE LATEST round of peace talks on the future of southern western Africa began in Geneva yesterday in a mood of cautious optimism and coinciding with what may prove to be a critical gathering of leaders of Angola's UNITA movement at their base in southern Angola. The UNITA meeting in Jamba is an annual event marking the anniversary of Portugal's decision to grant independence to its former colony. But it takes on a special significance against the background of a possible declaration of a Palestinian "state" by the PNC. Ahead of this weekend's meeting, Israel and the PLO struggled for months to cancel out each other's efforts to influence international opinion on the issue.

Cautious optimism at Angola peace talks

By Michael Holman in Geneva

Drew to Morocco for talks with King Hassan, one of UNITA's leading supporters, while in Geneva Mr Anatoly Adamishin, the Soviet deputy Foreign Minister, spoke of significant steps being taken to end the conflict. Shortly before flying to Morocco President dos Santos held talks in Moscow with President Gorbachev. Dr Chester Crocker, the US Assistant Secretary of State for Africa who is chairing the three-day meeting here between Angola, Cuba and South Africa has made it clear that Washington expects UNITA to have a role in the regional peace package designed to bring independence to Namibia. The withdrawal of 55,000 Cuban troops from Angola, and end the civil war.

Commission to set up environment portfolio

By John Wyles in Rome

THE NEW priority which the European Community plans to attach to environmental issues will be marked by the creation of an environmental affairs portfolio in the next European Commission, which takes office next January. Revealing his intention for the first time, Mr Jacques Delors, the Commission President, said developing new policies for dealing with environmental problems will be one of the next Commission's priorities. A special portfolio would be created for this "great task," he added. Hitherto, responsibility for environmental policies has been combined with another portfolio in Brussels. Mr Stanley Clinton Davis, one of the two British Commissioners, now combines it with responsibility for Transport. The need for a stronger Europe-wide attack on environmental problems was raised by the Italian Prime Minister, Mr Ciriaco De Mita, during talks with Mr Delors yesterday. As well as dealing with specific Italian criticisms of Commission proposals for developing regional aid policies, the two men also covered themes to be discussed at the EC summit in Rhodes at the end of this month. The Italian Government requested that the summit issue a declaration designed to allay anxieties in the US and elsewhere about the risk of the Community developing protectionist policies as it opens up its internal market.

Eight years on, IH 870's fate is still shrouded in mystery

An inquiry has been set up into the 'Ustica disaster', which Italians suspect has been covered up, reports John Wyles

WE COULD become the world's top power but we would still be the country of mysteries," complained Mr Rino Formica after storming out of an Italian cabinet meeting on Wednesday, in protest at the cutting short of discussion on the so-called Ustica disaster. After the Government had decided to set up a committee of inquiry into the mysterious loss of an Itavia DC-9 with 81 people aboard eight years ago, Prime Minister Ciriaco De Mita seemed to feel that little more needed to be said. Mr Formica, a Socialist and now Minister of Transport on the evening of June 27 1980, when flight IH 870 from Bologna to Palermo, mortally crippled by an explosion, glided into the waters of the Mediterranean near the island of Ustica, north of Sicily. Whatever had happened - early theories suggested structural failure or a bomb on board - the disaster was so sudden that the pilot was not able to issue a radio alarm. After long years of political indifference, seemingly casual investigation and "lost" evidence, a big domestic controversy with possibly international implications has now been ignited and the Italian media are in full cry for an explanation of why the truth has taken so long to establish. In the last two years, a conviction has taken firm public hold that the circumstances surrounding the DC-9's loss are so terribly embarrassing that they have been subjected to an elaborate cover-up. An important turning point came in the summer of 1986 when President Francesco Cossiga, after meeting the families of some of the Ustica victims, urged the Government headed by Socialist Bettino Craxi to renew the inquiries. As a result, a French company was contracted to raise a large amount of wreckage, which included the flight recorder, from the sea-bed in the following year. Mr Cossiga had been Prime Minister at the time of the disaster and it would be natural for him to want to know whether he had been denied



which almost certainly sent them to their death. Since the Italian defence chief, Admiral Mario Porta, expressed the military's anger at such charges last weekend, using language usually associated with coup threats in South America, the Government does not want to be seen doubting the Ministry of Defence's details of a cover-up. Consequently, attention is again focusing on the possibility that the cause of the disaster was not an Italian-fired missile, and that some foreign air force was responsible. The government inquiry, therefore, will need to scrutinise again details of any involvement which have been issued by the French and US forces - the latter at the Sigonella air base in Sicily. Mr Manfred Wörner, the secretary-general of Nato, completed the denials when he assured journalists in Rome on Thursday that there had been no Nato exercise in progress on June 27 1980. Little imagination is needed to appreciate the political earthquake which could follow a conclusion that a key ally was responsible and that the Italian military and secret services have been hiding the knowledge. "This would imply a hitherto unsuspected level of subordination of the powers of our country to those of a foreign state," observed a commentator in La Stampa this week, leaving his readers to assume that he was referring to the US. Since no official conclusions will be available until the Government's inquiry and the eight-year investigation by a Roman magistrate are completed, allegations of a cover-up and conspiracy theories will continue to abound. Charges of a cover-up have been based on a four-minute gap in the radar tape registered at the military radar centre in Marsala at around 8.59pm, when the DC-9 disappeared. Many suspect this missing tape confirms the presence of another aircraft in the vicinity. Unfortunately, none of the 14

personnel at the radar centre that evening can be interviewed because, as Minister of Defence Valerio Zanone has confirmed this week, the staffing schedule cannot be found. There are two theories as to the anonymous aircraft's possible origin and of how it came to be firing a missile. One, put forward a week ago in a documentary by the national television service, the Rai, postulates that either an Italian or an allied aircraft was in pursuit of a radio-controlled "drone" target. Since the DC-9 was two hours behind schedule, it may have strayed into the path of a military exercise and become the unwitting target of a missile aimed at the drone. According to the Rai, wreckage from a drone was recovered from the sea shortly after the DC-9 went down. Some of that wreckage later went missing, and that in the hands of the authorities has had its identifying national markings removed. The second, much older, theory is linked to the discovery on July 18 1980 of a crashed Libyan MiG fighter in the hills of Calabria. A first post-mortem on the pilot said he had died long after June 27, a second, reported in the Italian press but not officially confirmed, reversed this judgment and suggested that he could have died around that date. Was this MiG being pursued by an allied fighter which shot down the DC-9? Or was the Libyan shot down by another Libyan plane in pursuit of a defector? The wreckage of the MiG was reportedly returned to Libya without being officially examined. There is so much to be clarified about the Ustica disaster, so long after the event, that many doubt whether even the most determined inquiry will ever establish why the air over the southern Mediterranean was so full of peril on that summer evening eight years ago.

OVERSEAS NEWS

Protests force annulment of Peruvian pay decree

By Veronica Baruffali in Lima

THE Peruvian Government has been forced by a wave of strikes and violent demonstrations to annul the decree promulgated last week fixing a ceiling on wage increases. The ephemeral decree is yet another example of the government's involuntary two-step forward-one-step-back policy, one of the main causes of its waning credibility. Striking bankers have gone back to work, providing little consolation in the face of strikes next week by 30,000 Social Security Institute workers and over 900,000 civil servants. A teachers' strike has been announced for the end of the month. The miners' strike, now into its 25th day, is costing the country an estimated \$5m (£2.5m) a day in lost export revenue. Peru is running out of time and money. The country's fiscal deficit is equal to 10 per cent of GDP, which is expected to fall by 6 per cent this year. Inflation this year is already over 900 per cent. The Central Bank has only \$60m reserves, enough to keep the country running normally for only a month. There are over 50 food-laden ships anchored off Callao, Lima's port, waiting for pay-

ment before milk and lamb from New Zealand, meat from Argentina, wheat and soy from the US, and other goods can be delivered. This explains in part shortages experienced daily in the market places by frustrated shoppers, who have to queue for hours each day to buy food. Shortages are also related to the imminent economic programme to be announced by the Finance Minister, Mr Abel Saldaña, who has been working long hours with representatives of the World Bank and the IMF. Speculating shopkeepers have been preparing to hoard basic foodstuffs until the new price increases are announced. It is not only the shoppers whose tempers are short. President Alan García denounced the Solidarity and Democracy political party's request for his resignation, the Saturday morning. Mr García said that he would follow Christ and "forgive the Minister, who does not realise what he is saying." There are great hopes on all sides that Mr García can guide the country safely through troubled waters until 1990, but there are also increasing fears that the country is slowly sinking.

will run before the colonisers [a reference to the Right] take power in this country again". On Thursday, the Minister of Energy and Mines, Mr José Carrasco Tavares, accused the Archbishop of Piura and Tumbes in northern Peru of inciting violence in the area. "Listening to his sermons, one comes to the conclusion that his messages are aimed at generating more violence in our department," said Mr Carrasco. These accusations followed a sermon given last week in which Archbishop Oscar Cantuarias Pastor said that the Government's economic policy had "made the poor poorer and the rich richer". The accusations have led to a storm of protest from the Roman Catholic Church and the faithful in the north. Mr Cantuarias said they were "an affront to 900,000 Catholics in Piura and Tumbes" and that he would follow Christ and "forgive the Minister, who does not realise what he is saying." There are great hopes on all sides that Mr García can guide the country safely through troubled waters until 1990, but there are also increasing fears that the country is slowly sinking.

Agitators to blame, says Brazil

By Ivo Dawson in Rio de Janeiro

THE Brazilian Government has blamed Wednesday's bloody confrontation between troops and striking steel workers, which left three strikers dead and dozens injured, on agitators aiming to undermine democracy. After a meeting between President José Sarney and senior ministers, the authorities issued statements regretting the incident but warning that the administration was determined to maintain law and order. Early yesterday, Mr Sarney used his weekly radio address to the nation to warn that "violence generates violence" and that innocent workers were being used by those intent on overthrowing democracy. The Government's conspiracy theory will cut little ice with union leaders, who believe the army was ordered in to the Volta Redonda plant in Rio de Janeiro as a warning to other striking workers around the country. Discussion has been under way among senior cabinet ministers on whether to introduce "State of Defence" emergency powers which inhibit democratic rights, in response to the confrontation.

Mexican police fire on poll demonstrators

By Richard Johns in Mexico City

THE increasingly tense confrontation between the ruling Institutional Revolutionary Party (PRI) and the National Democratic Front (FDN) over the state elections in Tabasco took an ugly turn on Thursday night as police fired on opposition demonstrators outside the town hall of Cardenas, slightly wounding an elderly man. About 300 demonstrators had been demanding the release of 36 men detained the previous night after being forced from two lorries by police, as they were carrying back boxes containing votes to the offices of the electoral committee, according to Front supporters. The 11 sealed urns were from voting booths where, the FDN claims, the voting had gone well for Mr Andres Lopez Obrador, the candidate for the governorship of Tabasco of the

broad left coalition led by Mr Cuauhtémoc Cárdenas. Tabasco's State Electoral Committee, which is in effect controlled by the PRI, said on Thursday that the winner would not be announced until November 20. The opposition believe the postponement is to give more time to fix the result fraudulently. Nevertheless, with only 27 per cent of the votes counted on Wednesday night, the PRI claimed it had won 51 per cent of those cast and its candidate, Mr Salvador Neme Castillo, had won a landslide victory. With the results from 800 of the booths processed, 24 hours later, the PRI said its share of the poll was 77.5 per cent. Party representatives and poll watchers, including at least one from the PRI, who were seized by the police on

Wednesday, were beaten up and thrown into a bus which took them to the state capital of Villahermosa, according to the Front. It has circulated copies of a document, Campaign Strategies, giving party officials guidance on ways in which to bend an election. It includes such strategies as fusing lights at a crucial stage in the counting of votes and possessing ballot papers pre-marked in favour of the party. Nothing as crude as direct intervention by the police. In Cardenas, special operations units charged the protesters after a smoke bomb had been thrown, possibly by an agent provocateur, according to witnesses. They used clubs to drive back the protesters, injuring 15 men, including three federal and state deputies from elsewhere who had been

Boyer named to join Alcocer-Cortina business

By Tom Burns in Madrid

SPAIN'S pace-setting business partnership, Mr Alberto Alcocer and Mr Alberto Cortina, who are first cousins and brothers-in-law and are known nationwide as Los Albertos, have signed up Mr Miguel Boyer, the former Spanish Economy Minister, to join their expanding financial empire. A spokesman for Los Albertos said yesterday that Mr

Boyer, currently chairman of the official export bank, Banco Exterior, would have a key role in the development of Cartera Central, a portfolio company controlled by the two cousins. This will be the chief stockholder of Banco Español Central de Crédito (BECCE), the result of the planned merger next year of Banco Central and Banesto, Spain's two largest

banks. The appointment has fuelled speculation that Mr Boyer will be the candidate of Mr Alcocer and Mr Cortina to head BECC when it is formally launched next June. The cousins are shareholders of both Banco Central and Banesto and will own 7.5 per cent of the new bank's equity. As economic chief from 1982 to 1985, Mr Boyer was responsible for the austerity programme that characterised the first years of Mr Felipe Gonzalez's Socialist administration and is credited as the architect of Spain's current economic boom. He is a member of Mr Jacques Delors' advisory committee of banking experts reviewing European monetary union.

Ozal expects Greek protesters to be deported

By Jim Bodgers in Ankara

FOUR Greek demonstrators still detained from arrests of human rights activists at a mass trial in Ankara of left-wing militants eight days ago should soon be freed and deported, said Turkey's Prime Minister Mr Turgut Ozal in a wide-ranging interview with the FT on Thursday night. However, he stressed it was up to the Ankara state security court to decide. The four were arrested after waving protest placards at the mass trial in Ankara's Mamak military jail of alleged members of the Marxist-Leninist Revolutionary Party (MLF) in the 1980 military coup. They will be tried next Tuesday on charges of siding an armed anti-state movement, which carry a mandatory jail sentence of up to five years. The trial and deportation last Saturday of the other 24 demonstrators has aroused strong protests in Athens all this week. However, Mr Ozal said he did not think the incident and trial would do any harm to the Davos process of reconciliation between Turkey and Greece. "I hope they will be freed and deported from the country, but they should learn their lesson, they should not do these things in a court." According to a strongly worded statement from the Foreign Ministry early in the week, police had discovered propaganda material possibly linking the four accused to the outlawed separatist Kurdish Workers Party (PKK). "I hope there is no such relation," said Mr Ozal. The time was not yet ripe for a referendum on whether a

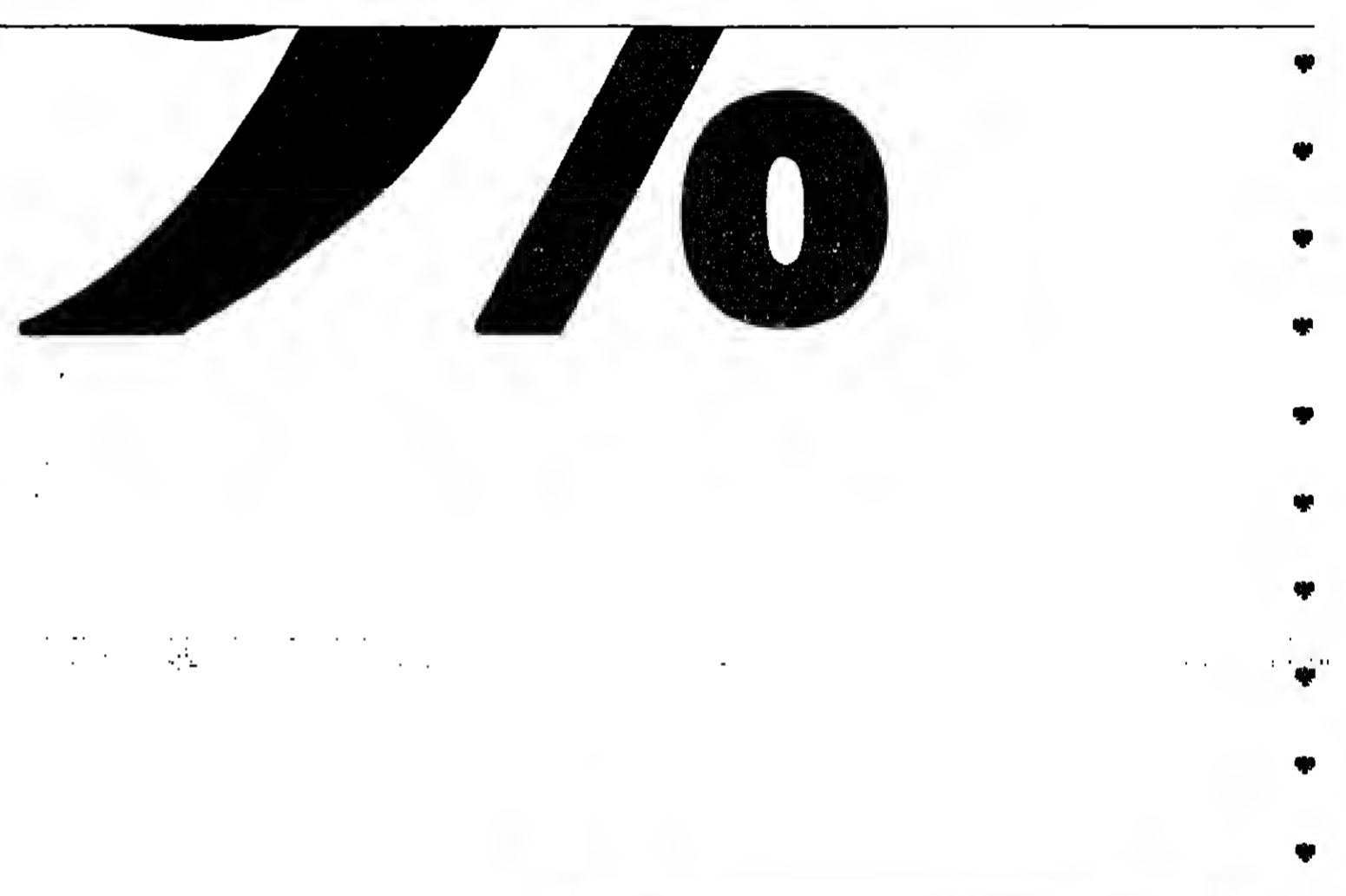
Communist Party should be established in Turkey, as had been proposed by President Evren on the way back from a state visit to Germany last month, said Mr Ozal. He said the Davos process of reconciliation with Greece, started in Switzerland early this year, was not dying. He hoped Greek Premier Andreas Papandreu would visit Turkey in the New Year, returning a visit by Mr Ozal to Athens in June as provided for in the Davos agreement. But so far the Turkish Government had not received any firm indication that Mr Papandreu would come, he added. On reports that intercommunal talks for a Cyprus settlement between the leaders of the Turkish and Greek Cypriot communities, Mr Rauf Denktaş and Mr Georges Vassiliou, had "hogged down" on entrenched issues, Mr Ozal said he wanted to wait and see what came out of summit talks between the two under the UN's aegis in New York on November 22-23. Turkish entry to full membership of the EC would not come before the implementation of the Single Europe Act in 1992, Mr Ozal believed. He disagreed that Turkish entry might be more difficult after 1992, because the Government was trying to bring in standards and rules compatible with those operating in the Community. The victory of Mr George Bush in the US presidential elections was good for the Western world, because it would mean continuity in US foreign policy, said Mr Ozal.

Hopes for German union flexibility

By David Goodhart in Bonn

WHEN Mr Norbert Blum, West German employment minister, stressed this week that employers' need for more flexible working-time and workers' desire for a shorter working week could be combined in a nine-hour day, four-day week, with Saturday as a normal day, the proposal was heartily denounced by both sides of industry. Mr Blum's speech - an advertisement for the work system recently introduced at BMW's Regensburg plant - was criticised by employers for being too expensive and by unions for threatening the eight-hour day and free weekend. But behind these knee-jerk responses, something of a new consensus appears to be taking shape between unions and employers, after a particularly frosty few months, which is probably one reason why Mr Blum thought it a good moment to step forward with his contribution. Central evidence for the change of mood is an important speech by Mr Franz Steinkühler, leader of IG Metall, the largest and most powerful union in Germany, delivered at a union conference in Frankfurt last month. The speech was in part a reply to those, like Professor Ralph Dahrendorf, who have been arguing that unions have no role in the economy of the future. Mr Steinkühler also

took up the issue of the environment and the limits of conventional approaches to growth, with unusual vigour for a trade unionist. But the most important passages for both employers and the divided West German left concern the need for trade unions to accept that national bargaining alone is no longer responsive enough for today's workforce. Mr Steinkühler said employers and workers both had an interest in more plant-level bargaining over working time. He has thus implicitly accepted that Saturday working is possible if employers can make it attractive enough. Extensive Sunday working will probably remain taboo, partly because of the dominant Christian parties in the coalition government. Employers have privately been welcoming what they see as an important public step towards a more pragmatic union strategy from a leader whom they know to be a moderniser but who has to take care not to move too far ahead of his activists and officials. Mr Steinkühler's speech received another unexpected welcome from Mr Oskar Lafontaine, the leading Social Democrat, who this year outraged union leaders by saying that shorter working time would only create jobs if pay - at least for better paid workers - is also cut.



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UK NEWS

OFT inquires into complaints against SE

By Clive Wolman

THE Office of Fair Trading has intervened to investigate complaints made against the Stock Exchange by two member firms over the introduction of rival automated share-dealing systems.

The two firms concerned are Kleinwort Benson and Barclays de Zoete Wedd.

The OFT is concerned about the existence of anti-competitive practices.

Its intervention has been prompted by measures proposed for changing a rule by the Stock Exchange.

That, say Kleinwort and BZW, is designed to bolster the exchange's automated-dealing system, due to start operating on February 13, at the expense of systems they developed over the past 18 months.

Yesterday the OFT said it had launched an investigation at the start of this week and had held preliminary talks with officials from BZW, Kleinwort and the Stock Exchange.

That will be followed by a more detailed investigation leading to a report to Lord Young, Trade and Industry Secretary, if possible before February 13.

Under the Financial Services Act the OFT must examine the rule books of recognised investment exchanges and report on any rules that may

have anti-competitive effects. However, Lord Young is empowered to overrule the OFT if he feels such rules are justified on grounds of investor protection.

The rule change which is the subject of the controversy would prevent Kleinwort and BZW from carrying out transactions for investors through their systems at the most favourable prices unless they were officially quoting those prices on the screens.

Relations between the OFT and the Stock Exchange have been strained for many years because of the court case brought by the OFT which led ultimately to the dismantling of the exchange's minimum commissions cartel in 1986.

More recently, the OFT has intervened on behalf of Reuters, the financial news and information company, to allow it to start operating on the price information for less than the exchange demanded.

A contested election is to be held for one place on the board of the Securities Association, the self-regulating organisation. Mr Peter Stanley, chief executive of Williams de Broe Hill and Chaplin, has been nominated to stand against one of the official candidates, Mr Robert Brooks, a director of Kleinwort Benson.

Lonrho fails to force Fraser disclosure

By Raymond Hughes, Law Courts Correspondent

LONRHO, the trading conglomerate, has failed in an attempt to force Lord Young, the Trade and Industry Secretary, to publish without further delay his inspector's report into the acquisition by the Al Fayed brothers of House of Fraser, the stores group.

A High Court judge yesterday refused an application from Lonrho for leave to seek judicial review of Lord Young's decision to wait for the views of the Serious Fraud Office (SFO) before deciding on publication.

A parallel move by Lonrho to have Sir Gordon Borrie, the Director General of Fair Trading, ordered to advise Lord Young to refer the acquisition to the Monopolies and Mergers Commission (MMC) also failed.

The court was told that Sir Gordon expected to advise on a referral in about a week.

Mr Justice Macpherson said that Lonrho's applications were ill founded and unarguable. "They have shot from the hip and missed their target," he said. "I am wholly convinced these matters should not have come to court now."

The judge said that it had been Lord Young's intention to publish the report as soon as he could but once the matter had been put in the hands of the SFO he had taken the position that he must "hold off" until the SFO had given the green light to publication.

It was, the judge said, entirely for Lord Young to decide when and if he published the report and the court would intervene only if he refused to publish for some capricious reason.

Lord Young had been advised not only by the SFO and the Director of Public Prosecutions but also by Treasury counsel that he should not publish until the SFO had finished its inquiries.

The judge said: "It seems to me quite impossible to argue that the Secretary of State has erred in taking account of the advice given to him. . . . Indeed, it seems to me that he would be liable to be shot at on all sides by others had he acted to the contrary."

Dismissing Lonrho's application against Sir Gordon Borrie, the judge said that Lonrho wanted Sir Gordon to be told not only that he must advise Lord Young at once but that the only reasonable advice would be that the matter should be referred to the MMC.

It was not right for the court to be asked to say what was the only reasonable advice to be given. It was entirely a matter for the director general.

The only question was whether it could be said that by delaying his decision the director general had behaved in a perverse, irrational or wholly unreasonable manner.

The judge said: "In my judgment there is no argument which could be sustained in support of that submission."

Breaking up Tiny's far-flung empire, Page 8

A karate kick for Labour's complacency

Michael Cassell on the implications for the party of the Govan by-election defeat

THE LABOUR party needed the Govan by-election result in the same way that it needs a leadership coup led by Mr Ron Brown, the fun-loving, mace-dancing MP for Edinburgh Leith.

In spite of the long alibi and thin explanations, the dramatic conversion of a 10,500 majority into a 3,500-vote defeat at the hands of the Scottish Nationalist Party is a hurtful, humiliating blow for Labour. Whatever his faults, Mr Brown's well publicised eccentricities have at least not managed to alienate his local voters on the scale involved in Govan's mass defeat.

Until the dying hours of the three-week campaign, Labour's leadership never doubted that Govan would return Mr Bob Gillespie to maintain the party's Scottish representation of 30 MPs.

However, the hapless Mr Gillespie took his crushing defeat with a dignity that diminished his cruellest critics.

The readiness with which Mr Neil Kinnock, the Labour leader, welcomed the appointment of Mr Bruce Millan, Govan's sitting MP, as a European Commissioner in part reflected the total conviction that the Clyde-side constituency would remain a stronghold in the ensuing electoral contest.

On Thursday morning, when victory was being taken for granted, leading Labour figures acknowledged that the defeat they were discounting would be a disaster.

The rout will prove even



Donald Dewar: Position looks secure



David Blunkett: Tackling the poll tax issue

more painful, given the improving morale with which Labour ends the 1988 parliamentary session. It has scored important points off the Government on health and benefits policies and the latest opinion poll puts it ahead of the Conservatives for the first time for more than two years.

Hours before the Govan result, Mr Kinnock announced the final names in an expanded and largely youthful front-bench line-up intended to see a modernising Labour Party through what will prove to be a critical year. Many of the 1987 general election setbacks of MPs have been given the chance to win their political spurs and Govan will have painfully underlined the scale of the task they face.

Labour can draw easy parallels to calm its nerves and pre-

vent panic from setting in among the troops. Govan's ability to deliver a karate kick to complacency is well proven and the last SNP victory in the same seat was short-lived.

By-elections are notoriously unpredictable and usually reflect short-term protest rather than profound political watersheds. However, while losing such a massive majority in government is understandable, to do so in opposition is catastrophic. The inquest has started. The leadership can take hollow comfort from its objection to the local party's choice of candidate, while Mr John Selinger, the SNP had an outstanding man.

Mr Kinnock said yesterday that the result represented a protest vote against the Tories' treatment of the Scottish people. Even so, Labour's failure

to emerge as principal beneficiary must also reflect deep-seated concern at the quality of its anti-Thatcherite credentials.

The message from Govan is that many voters believe Labour has not served them well in defending Scottish interests against the assault mounted from the other side of Hadrian's Wall: the party has, to quote the SNP, been "Teble."

Mr John Home Robertson, the MP for East Lothian dropped this week from Mr Kinnock's Scottish affairs team, said yesterday that frustrated voters had vented their anger against Labour, which was regarded as the establishment in Scotland. Like some other Scottish MPs, Mr Home Robertson said that Labour's team, under Mr Donald Dewar, the shadow Scottish Secretary, had to adopt tougher, more strident tactics.

Mr Dewar's position looks secure but he will now have to listen more closely to some of the voices that have been advocating a more aggressive approach to Scottish interests. The party's approach to the community charge, or poll tax, which is to take effect in Scotland in April, is cited as a good example of where a rethink is crucial.

While the SNP promoted its campaign of non-payment, it has to be said with limited impact so far, Labour's refusal to push voters into illegality while leaving MPs to decide their personal position on payment has seemed uncertain and half-hearted.

Some Labour MPs will now step up demands for Labour to lend its full weight to the no-payment campaign. Mr David Blunkett, who has joined Labour's front-bench environment team and will tackle the poll tax issue, called only for a coherent campaign against the poll tax. While the SNP fought the poll tax, Labour had argued over tactics, he added.

Above all, it is Labour's strategy on the country's constitutional future that must now be re-examined. While the SNP demands full autonomy within Europe - not by any means a universally popular demand among Scottish voters - Labour treads the path of devolution to an elected Scottish assembly.

The party is a British party seeking power at Westminster and, as such, will not accommodate nationalist demands. However, the argument for much closer co-operation with other parties in Scotland on constitutional, social and economic issues is now being pushed by some Labour MPs.

In a masterful understatement, Mr Kinnock called Govan a bad result and pledged the party to continue to fight inside and outside parliament for the people of Scotland.

The fight will be a tough one, says Mr Jimmy Allan, Labour's Scottish organiser, warned yesterday, the party would be unwise to assume that its normally faithful supporters will automatically return to the fold.

Defiant voices from Scotland, Page 9

Counter-attack over pensions by minister

By Philip Stephens, Political Editor

THE GOVERNMENT sought yesterday to move on to the offensive over its record on help for the elderly after the political row this week over state benefits for pensioners.

Mr Peter Brooke, chairman of the Conservative Party and Paymaster General, delivered a strong defence of government policies.

His comments followed a week in which Mr Nigel Lawson, the Chancellor, faced concerted attacks from Labour over his reported remarks at a weekend briefing that he was considering limiting the scope of universal benefits.

In a speech to the Birmingham Conservative Association, Mr Brooke said that during the lifetime of the 1974-79 Labour Government, pensioners had seen their average total incomes rise by just 3 per cent in real or inflation-adjusted terms.

Under the Conservatives, their incomes had risen by nearly 3 per cent each year between 1979 and 1986.

Dismissing opposition charges that the widening gap signalled a government plan to dismantle universal benefits, Mr Brooke said the Conservatives had been guilty only of "not putting our own record across clearly enough."

Spending on benefits for the elderly had risen by 10 per cent in real terms since 1979

although there were a million more pensioners.

Mr Brooke said the Government had identified a need to target resources on older pensioners who had not benefited from introduction of the State Earnings Related Pension Scheme (SERPS). But that money would be extra money and not the result of cutbacks elsewhere.

Mr Neil Kinnock, the Labour leader, has pledged to maintain his attacks on Mr Lawson in coming weeks, arguing that his comments reflected a medium-term plan to dismantle the present benefits system. Mr Kinnock added that the Chancellor's refusal to answer a series of specific questions on benefits policy had confirmed his fears.

The aim of greater targeting for benefits has won strong support, however, from Mr Michael Heseltine, the former Defence Minister and a leading contender for the future Conservative Party leadership.

Mr Heseltine has argued this week that the widening gap between a prosperous majority and a minority of relatively poor pensioners will make it essential to target more generous help at the lower end of the income scale while restructuring the present system of state pensions.

Murdoch TV service opts for 'smart card'

By Raymond Snoddy

MR RUPERT Murdoch, chief executive of News International, has decided to use a "smart card" descrambler for his subscription satellite television service due to be launched next year.

The system has been designed by Mr Alan Sugar's Amstrad Consumer Electronics, but draws on work by Paytel, a British company, and a small Israeli venture company funded by News International.

The system to be used for

Super Channel drops ITN after row over payments

By Raymond Snoddy

SUPER CHANNEL, the loss-making satellite channel, has decided to drop Independent Television News as its main supplier and is instead talking to Visnews, the international television news agency.

Super Channel, now controlled by the Italian rock music station Videomusic, is thinking of a different, and probably cheaper, style of news in future.

Announcements about programme plans are expected on Tuesday. But it is believed that the new owners, with Mr Richard Branson's Virgin Group, which has 45 per cent, have returned to the original idea of a general entertainment channel with some news.

Yesterday ITN took its World News programme off Super Channel because of unpaid bills.

The planned 5pm bulletin was not transmitted and had to be replaced by a cartoon. ITN says it is owed more than £400,000 and on November 2 warned that it wanted either its money or guarantees that it would be paid, otherwise it would cease its service.

It is understood that no guarantees were received.

Super Channel, which was launched in January 1987, has carried specially prepared international news programmes from ITN from its first day.

Select committee to look at Channel 4 cash plans

By Raymond Snoddy

THE ALL-PARTY Home Affairs Select Committee is planning to look at government proposals for the future financing of Channel 4.

Mr John Wheeler, chairman of the committee, which produced an influential report on the future of British broadcasting in advance of the white paper last Monday that promised deregulation, is proposing to recall the committee next year and take further evidence on the future of the channel.

Mr Michael Grade, chief executive of Channel 4, has already been asked by the committee for his views on government proposals.

The white paper said the Government wanted Channel

Scottish colliery threatened

By Maurice Samuelson

THE FUTURE of Bilston Glen, one of the biggest pits in Scotland, was put in doubt last night because of poor output.

The colliery, south of Edinburgh, employs nearly 1,000 people. Its closure would affect nearly a third of the coalfield's remaining workforce.

Yesterday British Coal told the unions that it was taking the first step towards possible closure by submitting it to the formal review machinery inaugurated after the 1984-85 miners' strike.

The procedure allows for independent arbitration on a closure proposal but can also give a colliery more time to boost its output in order to be removed from the danger list.

Bilston Glen, which lost £10m in the first half of this financial year, was warned three months ago that it was producing only half its target of 20,000 tonnes of coal a week. Subsequently production rose for a time to 15,000 tonnes but is now down to 8,000 tonnes, the corporation said yesterday.

Government uses 'guillotine' to end session

By Tom Lynch

THE GOVERNMENT yesterday pushed the last two items in its legislative programme through the House of Commons with the aid of a "guillotine" motion to curb debating time.

The Housing Bill and School Boards (Scotland) Bill became the fifth and sixth measures to be guillotined this session, which Labour claimed was a record.

Yesterday's guillotine arose after the Government failed to complete the Housing Bill - which deregulates the private rented sector - on Wednesday night when Labour backbenchers kept discussion going into the early hours of Thursday. Only about 50 of the 273 members in the House of Commons were present.

Mr Frank Dobson, the shadow Leader of the House, protested yesterday that the six-hour debate, which would affect 5m tenants, was less than a lawyer would be expected to spend on conveying one private dwelling.

However, Mr John Wakeham, the Leader of the House, said enough time had been spent on the measure at its earlier stages and the Government was entitled to get its bill through.

Mr Nicholas Ridley, the Environment Secretary, acknowledging fears of the housing action trusts the Government plans to set up to buy and renovate run-down council estates, said he would consider sympathetically the position of any council whose estate was assessed with a negative value, and thus had to pay a trust to take it over.

The Government is also expected to come forward with subsidies to any council that has to sell estates to trusts at less than the historic debt on the properties.

The bill goes to the House of Lords on Monday for final consideration.

Prosecutor studies King's Cross fire case

By Kevin Brown, Transport Correspondent

SPECULATION that criminal charges may be brought in connection with the deaths of 31 people in the King's Cross fire disaster grew yesterday after the Crown Prosecution Service confirmed it was studying papers relating to the case.

"We have had papers for some time, but no decisions have been made, and I cannot speculate about what charges might be brought if any offences were not proven or deemed to have taken place," a CPS official said.

Mr Allan Green, the Director of Public Prosecutions, and head of the CPS, is also considering papers relating to the Herald of Free Enterprise disaster, which killed nearly 200 people in March last year.

Both sets of papers are believed to include transcripts of inquiries and copies of the public inquiry reports. Further papers are believed to have been submitted by relatives of victims of the two disasters.

Meanwhile, Mr Gerry Clarkson, London's chief fire officer,

said he was still worried about safety on the Underground.

Mr Clarkson said overcrowding on Tube trains needed to be reduced. "I am concerned with the capacity of the Underground system to deal with the number of people who resort to it at peak times."

He accepted in full the conclusions of the Fennell report.

Mr Paul Channon, the Transport Secretary, denied reports that Sir Keith Bright, former chairman of London Regional Transport, and Mr

Tony Ridley, former chairman of London Underground, had negotiated lucrative pay-off deals before resigning.

In a letter to Mr Bob Hughes, Labour's transport spokesman, Mr Channon said there was no truth in suggestions that the two men would be paid their full salaries until 1991.

"There is no such arrangement or agreement. Any claims by Sir Keith Bright or Dr Ridley under the terms of their appointments will be for negotiation," Mr Channon said.

British Telecom claims service has improved

By Terry Dodsworth, Industrial Editor

BRITISH TELECOM said yesterday that the general standard of its services had improved over the past six months in spite of a marked fall in the speed at which it installs new lines.

The company's latest quality-of-service report, the third to be published since the surveys were resumed last year, shows that BT is running a more reliable service than a year ago on a number of important measures. In August, BT claims to have registered its lowest call rate for both national and local traffic.

The figures were compiled in a period when a continuing high level of growth for telephone services was imposing strains on resources.

Way cleared for Clowes investors' compensation

By Richard Donkin

THE HIGH COURT in London gave its approval yesterday to 10 representative categories of investors for the hearing of claims against Barlow Clowes Gilf Managers.

The court formalities were held to clear the way for claims to be heard in the next few weeks. Cork Gully, joint liquidators of Barlow Clowes, has told investors that, subject to court approval, a substantial payment is likely to be made by Christmas.

Mr John Lindsay, QC, appearing for the liquidators, said the Barlow Clowes UK gilt fund was earning £540,000 a month in interest and now stood at £52m. The 10 categories represent some 6,000 investors with 7,319 separate accounts.

Each category stands for a

Little chance of Girobank being sold

By Charles Hodgson and David Lascelles

THE LIKELIHOOD of Girobank being sold looked remote yesterday after the Government's decision to delay privatisation of the Post Office-owned bank because of lack of acceptable bids.

The Government was seeking between £150m and £200m.

In the Commons early yesterday Mr Tony Newton, Industry Minister, said the Government had postponed the sale, but insisted that talks would continue with potential bidders.

He appeared to soften the conditions of the proposed sale by suggesting that main clearing banks and building societies would be allowed to bid.

Mr Bryan Gould, Labour's trade and industry spokesman, said the lack of firm interest among commercial and financial institutions indicated that there was now little chance of a buyer being found who would guarantee a viable future for Girobank.

However, Mr Gould warned that "to proceed with the attempt to find a buyer either at a knock-down price or from among the ranks of the major clearing banks would be bad for Girobank and bad for the customers who would find that competition was curtailed."

Sale to a main clearing bank would probably mean closure

Taking a corporation to court

A.H. Hermann assesses the criminal issues over the Tube disaster

THE DAMNING report into the King's Cross fire on the London Underground has raised the question of whether criminal prosecutions might be brought.

It seems extremely unlikely that the Director of Public Prosecutions would approach such a task with any enthusiasm. He did not prosecute in the case of the Zebrugges ferry disaster, when such action would have been fairly straightforward because of the overall responsibility according to marine law of the ship's captain and because of the involvement of other individual crew members.

In the case of the King's Cross fire, the responsibility seems to be much more widely spread, not only over a wide circle of top and middle management but also over the long period during which dangerous procedures, or a lack of safety precautions, became established practice.

Assuming that the DPP does not prosecute, there is the further question of whether the survivors or the victims' families can bring a private criminal prosecution. If they do, their difficulties in prosecuting individuals would be the same as those confronting the DPP and their resources probably smaller.

There are also suggestions that London Regional Transport and/or London Underground could be prosecuted for corporate manslaughter. Such a course of action would remove the difficulty of pinpointing the responsibility on individuals, although it would still have to be shown that the collective of employees, presumably in managerial positions, was reckless or grossly negligent.

Such negligence could amount to what criminal lawyers call "guilty mind" - an indispensable ingredient in the offence of manslaughter.

Can a company have a guilty mind? Some authorities believe that it can have one vicariously, through the person or persons acting on its behalf. It is rather an artificial concept and would still require the proof of gross negligence on the part of certain managers.

Another objection raised is that the criminal prosecution of a company is impossible because it cannot be sent to prison. However, that objection is not of equal weight, since other forms of punishment are readily available.

A further difficulty is the impossibility of a corporation being defended by its officers if those officers have a conflicting interest. It would probably be necessary to appoint an outside agency to organise the corporation's defence.

It seems to me that prosecution of a corporation is contrary to legal policy. First, it could not avoid punishing as well some of the corporation's

employees (or, in the case of a company, of shareholders) who are innocent.

In addition, the punishment of a corporation seems to have a lesser deterrent effect than punishment of individuals, as it is only through persons that corporations can do wrong.

In view of such difficulties, it would seem more practical - in particular for the survivors and the victims' families - to concentrate on civil proceedings for damages.

There is no difficulty in claiming that a corporation was grossly negligent or at least simply negligent and that it is liable to make good, as far as possible, to the bereaved families the injuries and loss of life suffered.

Such proceedings have the added advantage that they allow the court to judge on the balance of probabilities, while in criminal proceedings the guilt has to be proved without reasonable doubt.

Way cleared for Clowes investors' compensation

By Richard Donkin

THE HIGH COURT in London gave its approval yesterday to 10 representative categories of investors for the hearing of claims against Barlow Clowes Gilf Managers.

The court formalities were held to clear the way for claims to be heard in the next few weeks. Cork Gully, joint liquidators of Barlow Clowes, has told investors that, subject to court approval, a substantial payment is likely to be made by Christmas.

Mr John Lindsay, QC, appearing for the liquidators, said the Barlow Clowes UK gilt fund was earning £540,000 a month in interest and now stood at £52m. The 10 categories represent some 6,000 investors with 7,319 separate accounts.

Each category stands for a

Little chance of Girobank being sold

By Charles Hodgson and David Lascelles

THE LIKELIHOOD of Girobank being sold looked remote yesterday after the Government's decision to delay privatisation of the Post Office-owned bank because of lack of acceptable bids.

The Government was seeking between £150m and £200m.

In the Commons early yesterday Mr Tony Newton, Industry Minister, said the Government had postponed the sale, but insisted that talks would continue with potential bidders.

He appeared to soften the conditions of the proposed sale by suggesting that main clearing banks and building societies would be allowed to bid.

Mr Bryan Gould, Labour's trade and industry spokesman, said the lack of firm interest among commercial and financial institutions indicated that there was now little chance of a buyer being found who would guarantee a viable future for Girobank.

However, Mr Gould warned that "to proceed with the attempt to find a buyer either at a knock-down price or from among the ranks of the major clearing banks would be bad for Girobank and bad for the customers who would find that competition was curtailed."

Sale to a main clearing bank would probably mean closure

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UK NEWS

Power groups to share CEGB specialist staff

By Maurice Samuelson

THE CENTRAL Electricity Generating Board has abandoned the idea of keeping its specialist support staff intact after privatisation.

Instead, its 5,500 scientists, engineers, technicians, research workers, computer experts and training staff, with their laboratories and offices, are to be distributed among the CEGB's three successor companies - National Power, PowerGen and the National Grid Company.

The decision affects 2,000 power station development workers at Barnwood, Newbury, and other sites, Knutsford, Cheshire, as well as staff at eight laboratories, 12 training centres, and the computing information division.

At least two thirds of the Barnwood-Knutsford division,

including 1,000 people involved in nuclear energy, will join National Power, which will run 70 per cent of the CEGB's power stations, including all the nuclear plant.

The CEGB initially wanted to avoid dispersing their expertise and to set up a service establishment jointly owned by the three successor companies.

Instead, the board says, they are being broken up to ensure that the three successor companies would "adopt fully independent and competitive approaches from the outset."

Nevertheless, staff engaged on certain projects, such as information computing and designing the new 800 MW unit coal-fired power stations, would continue joint working until the projects had been completed.

CEGB 'prematurely shut coal-fired plant'

By David Green

ELECTRICITY consumers could save between £2bn and £3bn over 15 years if the Central Electricity Generating Board refurbished old coal-fired plants instead of building a nuclear power station at Hinkley Point, Somerset, it was claimed yesterday.

Professor Jim Jeffery told the Hinkley Point C public inquiry he believed that the board had closed coal-fired stations prematurely, partly to prepare a spurious case that new capacity was needed.

He said that if a new coal-fired station, the proposed 1,300 MW nuclear plant, was built, the savings over 15 years to electricity consumers would be between £1.5bn and £2bn.

It could also prove cheaper to invest in wind-powered electricity generation than nuclear plant, said Prof Jeffery, emeritus professor of crystallography at London University and

a former consultant to the Central Electricity Research Laboratories. He was appearing as a witness for a local opposition group called Stop Hinkley Expansion.

He said that in view of the CEGB's record on nuclear power station construction there was no confidence that the plant would be built within the forecast period or cost.

The CEGB estimates that the main construction will take 60 months and the power station will cost a total of £1.5bn.

Prof Jeffery said the real cost of nuclear power was much higher than figures produced by the CEGB because the full costs of waste disposal and decommissioning were not included.

The CEGB suggested that Prof Jeffery's nuclear cost figures were overestimated. Old coal-fired stations had been closed only when they had become uneconomic.

Acquisitions and mergers reach record in quarter

By Joel Kibzo

THE NUMBER and value of acquisitions and mergers within the UK reached record levels in the third quarter of this year, according to Department of Trade and Industry figures published yesterday.

The value of activity, including industrial and commercial companies within the UK with a value of £2.09bn, beating the previous record of £5.38bn in the second quarter of 1986. The number of acquisitions for the corresponding period in 1987 was 553.

The single biggest acquisition in the third quarter was that by Nestlé Holdings (UK), which paid £2.67bn for Rowntree, the York-based confectionery company.

Sales of subsidiaries between companies were also a record,

with 91 companies acquired for £2.5bn, while 300 independent companies were also acquired in deals worth £5.79bn.

The six largest transactions valued at over £250m each accounted for 55 per cent of the third quarter's activity, including two sales of subsidiaries.

The top four acquisitions of independent companies were: Rowntree by Nestlé Holdings (UK); Harris Queensway by Lovendus Ventures for £45m; Atlantic Computers by British & Commonwealth Holdings for £41m; and Acre Oil by British Gas for £37m.

The two sales of subsidiaries were the Bricom Group by British & Commonwealth Holdings for £335m, and Hunter by Hilldown Holdings to Wickes for £268m.

Convenience food factory to be built in Sheffield

By Ian Hamilton Fazey, Northern Correspondent

NORTHERN FOODS is to build a £14m factory in Sheffield, South Yorkshire, to make chilled, convenience meals for Marks and Spencer. It will be in full production by the end of next year and should eventually create 450 jobs.

The factory will specialise in pasta, fish and potato-based dishes. It will be built on an 11-acre greenfield site at Mosborough, south-east of the city and about a mile from the M1.

Regional selective assistance should eventually total just under £1m as jobs are created. About 300 people will be taken on in the first phase.

Northern Foods has two other similar factories at Nottingham and Grantham. The Nottingham plant opened in 1984 and the Grantham one - which cost £12m - last year. Growth in the market is so fast that the company believes it will have the new factory built only just in time to avoid running out of capacity.

Mr Martin Clark, the finance director, said yesterday that the expansion fitted in with the company's shift into higher-value-added products and investment from more basic foods with lower profit margins.

CONSOLIDATED MURCHISON LIMITED
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 Conversion of 5 Ordinary Shares into Ordinary Shares

At the annual general meeting held on 17 October 1988 shareholders resolved by special resolution to convert the Company's 5 ordinary shares of £1 each, and equal in all respects to the existing ordinary shares in the Company's capital. The resolutions passed at that meeting have now been registered by the Registrar of Companies and the Johannesburg and London Stock Exchanges have given their consent for the 5 ordinary shares to be redesignated ordinary shares with effect from 14 November 1988.

For and on behalf of the board
 Anglovaal Limited
 Secretaries
 per: E.J. Thomas

Johannesburg
 10 November 1988

Registered Office:
 Anglovaal House
 56 Main Street
 Johannesburg

London Secretaries:
 Anglo-Transvaal Trustees Limited
 238 Regent Street
 London, W1R 8ST

First TUC scrutiny for single-union agreement

By Philip Bassett, Labour Editor

THE TUC is examining the first case submitted to it under its new procedure for regulating single-union agreements.

Leaders of Usdaw, the shopworkers' union, have submitted to the TUC details of a proposed Usdaw single-union deal with Booker, the international food and agriculture group, in the first test of the TUC's code of practice on union recognition.

Under the TUC's code, brought in to try to deal with the growing problems arising out of unions reaching sole recognition deals with employers, unions in the process of making such single-union deals have been required since October 1 to submit details of them to the TUC.

The TUC then aims within two weeks to tender advice on whether the deal fits in with its Bridlington principles which govern inter-union relations.

Law has become the first union to detail a prospective deal after Booker offered it a single-union agreement for its UK cash-and-carry business, reorganised after its purchase

of Linford Cash and Carry earlier this year.

Udaw claims more than 90 per cent membership in Booker's cash-and-carry area, and it has sent details of the company's proposal to two other unions involved, a TGWU transport and GMBU general workers' union.

Mr John Manks, TUC deputy general secretary, is calling the unions together probably next week for a meeting on the proposed deal. Mr Garfield Davis, Usdaw general secretary, said: "I hope there will be absolutely no problem about it because we have the overwhelming majority of the organised membership."

In a separate development, the TUC is to mount pilot projects, looking at how many people are employed, in what kinds of employment and occupation, by which employers, and at the current state of unionisation.

These details will then be used to form the basis of cross-union recruitment campaigns in the chosen areas, coordinated by the TUC through its regional constituents and through local trades councils.

NUPE backs regional pay flexibility

By John Gapper, Labour Staff

A REFORM of the National Health Service bargaining machinery allowing greater scope for regional pay variations within a national framework has been suggested by the National Union of Public Employees.

Nupe's suggestions for reform for staff groups whose pay is not set by review bodies is unusual in arguing that some regional pay flexibility should be allowed.

However, in a submission to the House of Commons social services select committee, Nupe says that a pre-condition for greater flexibility within the Whitley Council system should be "a commitment to eradicate low pay."

The union suggests that staff groups such as NHS auxiliaries, whose pay is set by negotiation, should be brought within a single pay "spine" covering all health service staff, both white and blue collar.

The suggestion is likely to have some attractions for the Department of Health, as other public sector pay groups have undergone regrading exercises under which local pay flexibility has been allowed within national pay bargaining.

The union argues that a more direct relationship should be established between the department and negotiators.

Nurses return to work at Birmingham hospital

By Our Labour Staff

NURSES belonging to the National Union of Public Employees yesterday returned to normal working at the intensive care unit of Birmingham Children's Hospital following criticism of their industrial action over pay by government ministers.

The 28 Nupe nurses called off their work to rule after colleagues in the Royal College of Nursing had been persuaded by RCN leaders to abandon their industrial action. However, Nupe nurses in other parts of the hospital started a work to rule.

The six-bed intensive care unit, which was closed by hospital managers earlier this week, had become the centre of controversy over the regrading of nurses within the Government's 17.9 per cent pay award after the work to rule started.

Mr John Dempsey, Nupe divisional officer, said nurses had reluctantly decided to call off their action. But further protests in the West Midlands region were likely with a 24-hour strike at Selly Oak hospital possible.

Mr Dempsey said the nurses had been faced with a moral dilemma because of the district health authority's action in closing the unit following the declaration of industrial action. Unfair pressure had been put on them by managers.

Mr Kenneth Clarke, Health

Nurses return to work at Birmingham hospital

By Our Labour Staff

REFUGEE Assurance has established a 26-place nursery at its new headquarters in Wilmslow, Cheshire. The move is one of a growing number by financial services companies intended to help staff recruitment and retention.

The nursery was agreed with MSF, the general technical union, when the company moved from the centre of Manchester. It was intended to encourage women with children to move with the company to Wilmslow.

Secretary, earlier criticised industrial action at the hospital, and insisted that no staff would gain better gradings on the new structure by taking action.

Action by about 500 health staff at Hartwood Hospital, near Shotts in Scotland was also called off yesterday after four nursing auxiliaries who had been suspended for working to grade over the clinical regrading were reinstated.

Nupe had accused Lanarkshire Health Board of victimisation after a union official was suspended. The union said working to grade had been suspended to allow other staff to hold meetings.

Elsewhere, several hundred nurses staff a one-hour protest outside the Royal Victoria Hospital in Belfast.

High quality of staff is crucial in plant where computers rule
 Charles Leadbeater on Pirelli's factory of the future

WORKERS AT Pirelli General's cable factory at Aberdare in south-Wales are a special case in their contracts which reads: "Employees will promptly carry out all instructions given by the unit's management or an electronic display."

The clause was included because most instructions are delivered not by managers, but by the computer system which controls the plant's £20m computer integrated manufacturing system.

According to the company the plant, which manufactures basic electrical wiring cable, is one of the most advanced computer integrated, flexible manufacturing systems in the country.

There are no forklift trucks carrying around components, only computer guided vehicles. The company's offices are designed to be paperless. The production system is run by a suite of IBM computers, which controls everything from production schedules to testing the quality of the finished product.

Workers clock on in the morning using something that looks very like a credit card. The magnetic strip on the back of the card contains a record of their skills. As they register for work the central computer automatically calculates what labour is available, what tasks need to be done and how workers should be deployed around the plant.

Mr David Yeandle, employee relations manager for Pirelli General says: "This project is regarded as a prototype for the whole Pirelli Group. It is an example of what factories may be like in the 21st century."

But Mr Yeandle insists that the plant's expensive technology is only one element in what will make the factory as successful: "From the beginning we realised our personnel policies had to match the sophistication of the technology."

"This project is regarded as a prototype for the whole group. It is an example of what factories may be like in the 21st century."

The company, which has manufactured on the site since 1971, closed its first factory in 1985. However, it then announced its plan to build a fully automated plant on the site. Of the 80 workers made redundant at the new plant, which opened in July.

The company says that once the new Aberdare plant reaches full production in 1989, it will "cease to produce building wires using traditional manufacturing methods" at its factory in Southampton, a phrase union officials interpret as a sure sign of closure.

The Aberdare personnel policy is based on four interlocking elements.

All employees, whether in production, maintenance, or administration, enjoy the same terms and conditions. They have the same holidays, hours of work and pensions. All are on a common pay structure.

Mr Yeandle says: "We want to motivate people and build a sense of common purpose, unity and teamworking. To do that you have to remove status barriers between different groups of workers."

The abolition of traditional demarcation lines between white-collar and blue-collar workers, skilled and unskilled allows the introduction of much more flexible working practices.

Not only does the plant have the familiar flexibility, which allows managers to move workers around the plant, and within the traditional areas of production and maintenance. At Aberdare there is also flexibility between production, maintenance and administration. A production worker could be expected to fill in the company offices if the central

computer identifies a shortfall. Indeed the gap between production jobs and office jobs is much narrower at Aberdare than most manufacturing plants: both jobs essentially involve using a computer terminal.

To facilitate this flexibility, the pay structure is designed to reward the acquisition of skills.

Recruits move from an initial salary to "basic salary" once they have acquired the "Common Skill Element" by becoming familiar with the computer system, and learning another skill module, such as extrusion. To gain promotion up the salary structure, employees then have to acquire further "skill modules". The company has spent more than £100,000 on installing a computerised interactive training system.

Finally, all this has in part been facilitated by a single union, no-strike agreement with the white-collar section of the GMB, general union. About 80 per cent of the 140 workers at the plant are union members.

Mr Yeandle says: "We would have faced strong opposition from unions elsewhere in the business if we had attempted to set up a non-union plant in south Wales. In the end we would have had to concede probably on less favourable terms than a single union agreement."

The agreement rules out industrial action. It says any dispute which cannot be resolved in-house, or through conciliation, will be settled by compulsory, binding arbitration.

EMPLOYMENT

Dock group suspends operations over action

By Our Labour Staff

PORTSMOUTH'S biggest container freight company, Commodore Shipping, yesterday temporarily suspended operations after local dockers refused to end an overtime ban in a dispute over pay.

The move came after dockers belonging to the TGWU transport union blocked the gates of the container terminal in protest at the sacking by the company of 47 of their colleagues.

Mr Derrick Oswald, Commodore Shipping's managing director said that although the company's remaining 140 employees would continue to be paid, cargo handled for the Channel Island and Spain would remain "locked up."

Mr Oswald said: "Clearly in a company like ours, we need to work overtime."

TGWU local officials however said that the dockers had been offered a 7.1 per cent pay rise which had been rejected because it was "only just above the cost of living."

They also said that dockers at Brighton, Southampton, Guernsey and Jersey, had refused to handle the company's cargo in support of the sacked Portsmouth workers.

Mr Alex Hodder, a TGWU official, described developments as the "most serious dispute" the port of Portsmouth had had.

NUR plea to TUC over recruitment

By Jimmy Burns, Labour Staff

THE TUC may soon have to intervene to try and avert a further outbreak of inter-union warfare involving Britain's two main rail unions.

The National Union of Railwaymen is understood to have decided to appeal directly to the TUC to intervene after its leadership failed earlier this week to resolve its differences with the leadership of Aslef.

The long-standing rivalry between the two unions has been aggravated in recent months by the introduction by British Rail of a "trainman" grade which ends the traditional demarcation between guards and drivers.

The NUR in September wrote to its members who are guards urging them to resist any attempt by Aslef to recruit them once they had retrained as drivers.

Aslef considers that the move is in breach of an agreement reached in 1981 which specifies that NUR members entering the driver line of promotion must be encouraged by their union to join Aslef.

However at a general meeting last month of the Federation of Rail Unions, a consultation and advisory body, NUR officials said they wanted parts of the agreement rewritten to reflect changing circumstances.

The NUR view is that the agreement was written at a time when a merger was being

considered and cannot be applied to conditions governing recruitment under BR's latest plans.

Meanwhile in its latest journal, Aslef states that it has recently recruited NUR members in the BR driver's line of promotion. However the union claims that it only did so after giving the NUR prior notice of its intentions as redress under the TUC principles governing the relationship between its affiliates.

The NUR move is unlikely to be welcomed by the TUC which is anxious that unions should resolve their differences among themselves with a minimum of public acrimony, particularly following the controversy surrounding the expulsion of the EETPU electricians' union.

Drivers operating conventional double-manned trains on London Underground are to get similar pay to their colleagues on the more advanced one-person operated trains.

Management have agreed to the increased payment to stem recruitment problems on London's Northern and Central Lines which in recent months have led to disrupted services.

Under the agreement a driver on a conventionally manned tube train will earn a basic weekly rate of £179.54p compared to £152.99p previously.

Earlier pay differentials have provoked the threat of industrial action by Aslef drivers.

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Saturday November 12 1988

Mr Bush at the Alamo

MR GEORGE BUSH has single-mindedly devoted his life to a relatively simple goal: becoming President of the United States of America. Now he faces a far more difficult task: doing something useful with the office he has achieved.

Unfortunately, Mr Bush has impaled himself on a dilemma. If he is to be a successful President, he will first have to reverse his commitment on taxes. In so doing, he will lose a valuable asset, his own credibility. If he sticks to his campaign commitments, however, he will be at the mercy of financial markets, which are less adept than voters at reading lips.

It is not that Mr Bush is starved of good advice. There are plenty of pundits arguing not only that disaster is round the corner, but that a tax increase is part of the solution. Quite apart from his commitment against such tax increases, Mr Bush's instinct would be to reject such advice. After all, he inherits an economy with all the obvious signs of success: full employment and six years of sustained growth. Why tamper with this achievement?

If action is to occur it has to be reasonably simple and well-focused. It also needs to be motivated as much by a carrot as by the stick of economic catastrophe. What the President-elect should be told is that the relatively simple step of agreement to a fully credible programme for eliminating the federal budget deficit entirely may turn the Reagan recovery into another Golden Age for the world economy. That is a prize worth the eating of a few words.

Inflation controlled
 Valuable things have been achieved in the 1980s, inflation was brought down and remains more or less under control. The power of price has been broken by that of the market. There has been significant deregulation and liberalisation in both the US and a number of economies of Western Europe. The European Community has also committed itself to the Single Market Program, which promises further liberalisation.

Meanwhile, Japan has begun the restructuring and internationalisation of an outstandingly successful, but hitherto partially closed economy. Many developing countries have come to accept the wisdom of free-market economic strategies. Even the Soviet Union has embraced the logic (if not yet the practice) of market-oriented reform.

In short, given the continued pace of technological change,

there seems to be no fundamental reason why the world economy should not again achieve an era of sustained growth comparable to the 25 years from 1948 to 1973. The key condition now is, however, relief from the pressure of US demand on the world's surplus savings.

World's savings

It is not that the fiscal deficit of the US is that large in relation to the US economy, but it is very large in relation to both US savings and to savings in the rest of the world economy. As Mr Fred Bergsten of the Institute for International Economic Studies notes, in 1987 the budget deficit was equal to no less than 85 per cent of net private saving in the US. It also amounts to about 10 per cent of the gross savings of all the other relatively advanced industrial countries put together.

The deficit has created major consequences. The most important have been the crowding of the indebted developing countries out of world financial markets and high real interest rates, which have contributed to the fragility of the world's financial system. Fortunately, far from needing American pump-priming, the world economy needs cooling off. Whatever justification there may have been for the US to consume more than it was producing a few years ago, there can be none for spending more than it can produce today.

So the US has a choice, with an immensely attractive opportunity on one side and great dangers on the other. The foreign exchange markets now suggest that the choice may not last for long. As the dollar falls, the Federal Reserve will tighten monetary policy, in order to avoid inflation. The risks of a recession in the US caused by higher interest rates is considerable when the financial system is so fragile.

So action is required - and soon. It is true that Mr Bush can go on pretending that the Gramm-Rudman targets will be met without tax increases. The problem is that those targets can be met only if expenditure is not increased, which is most unlikely.

Mr Bush faces a fairly immediate choice, one that will almost certainly determine how historians write about his presidency. He can swallow both his pride and his words and choose to co-operate with Congress in changing fiscal policy. Alternatively, he can go to "tough it out" and so go down like the heroes of the Alamo. Either stubborn failure or inglorious success, the choice is his.

David Waller looks at the potential value of the companies within Lonrho

Lonrho, the London-based conglomerate headed by Mr Tiny Rowland for the last quarter of a century, is "in play".

Mr Alan Bond, the Australian entrepreneur, has bought a 20.5 per cent stake in the group, the collective mind of the City of London is now concentrated on the probability of a break-up bid for a collection which comprises 800 companies in 80 countries with annual turnover of \$3bn.

With a vast range of interests, ranging from gold and platinum mining in Africa to motor vehicle distribution, publishing, hotels and agriculture, Lonrho would appear to be an ideal candidate for dismemberment. In anticipation of a carve-up, Lonrho's shares have risen formidably over the last two months, from 250p to around 400p, a level which few believe to be justified on the basis of Lonrho's earnings alone.

A bid from Mr Bond, it is felt, would crystallise the value of Lonrho's asset portfolio in the same way that Nestlé's bid for Rowntree brought out the true value of the chocolate company's famous brands.

There is a problem, one that has undoubtedly deterred would-be predators in the past: just under half of the group's pre-tax profit of £200.2m last year came from Africa, £40m from South Africa and no less than £86.6m from a proliferation of businesses elsewhere in the continent.

These include the 45 per cent owned Ashanti Goldfields in Ghana, Lonrho Sugar in Malawi, Swaziland and Mauritius, and extensive interests in Zimbabwe, where Lonrho is the largest employer. The true proportion of operating profits coming from Africa could be even higher, given that the figures above are calculated after the interest bill. Interest is allocated to each geographical area pro rata to its profit contribution, although analysts believe that most of the group's debt arose from European acquisitions.

There has long been controversy over the quality of the earnings from these countries, if only because of the difficulties of remitting profits by way of dividends back to Lonrho's headquarters in Cheshire, London. The sceptics argue that without Tiny and his special relationships with numerous African presidents, the African interests could be difficult to run, even harder to sell. There was a telling episode back in 1973 when Sir Basil Smallpiece was trying to oust Rowland from the Lonrho board. President Kaunda let it be known that if Tiny were to be removed from the board, Lonrho would be removed from Zambia that very night.

Breaking up Tiny's far-flung empire

The jewels in the Lonrho crown are Western Platinum, the world's third largest platinum mine, located in the Marikana district of South Africa's Transvaal, and the two hotel chains: Princess Properties in Mexico, Bermuda and the Bahamas; and the Metropole chain in the UK.

Valuing Western Platinum is a difficult matter, complicated by the problems associated with investing in South Africa. The 100 per cent owned mine - which made profits of £45.6m before Lonrho's central finance charge in 1987 - is one of the lowest-cost producers of platinum in the world, and is set to increase annual production from 250,000 oz to 400,000 oz over the next two to three years.

If valued in line with the market capitalisations of the world's two largest platinum mines, Rustenburg and Impala, both listed on the Johannesburg Stock Exchange, Lonrho's mine could be worth as little as £96m, according to brokers James Capel, Kitcat & Aitken, however, says that if the reserves of Lonrho's mine are taken into account, it might be worth £275m - on the assumption that the platinum price rises by 65 per cent to \$970 an ounce over the next five years.

Lonrho also controls Duker Exploration, which has coal holdings in South Africa and a 36 per cent interest in Eastern Gold Holdings, which together with Anglo American is developing the Erdale mine, one of the world's largest mining projects. Outside South Africa, the most important mining property is the 45 per cent owned Ashanti gold-field in Ghana, in which Lonrho is a minority partner with the Government.

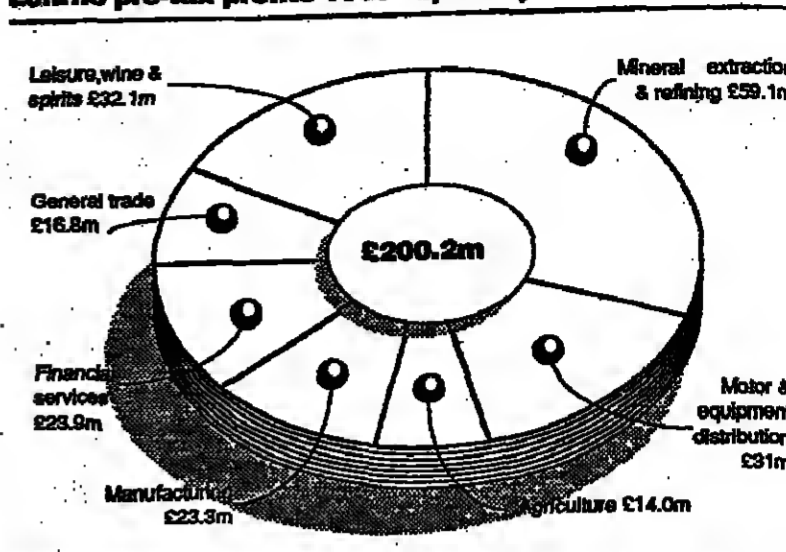
After a 15-year period of mismanagement and stagnation, the gold-field is now feeling the benefits of a \$90m rehabilitation programme (put together by the World Bank's International Finance Corporation). Production is set to rise from 242,000 oz to 400,000 oz by 1990 and Lonrho's share of the profits - approximately £15m in 1987 - should increase accordingly.

The problem with valuing Lonrho's stake in this 96-year-old mine, one of the richest in the world, is that it accounts for 85 per cent of Ghana's total gold output and some 20 per cent of the country's hard currency earnings. Thus Flight Lieutenant Jerry Rawlings' Government is likely to take a close interest in any sale to a third party. Companies such as Placer

Dome (North America's second largest gold producing company) or Clint Macraes, the London-based natural resources group which is a major gold producer in Zimbabwe and has interests in Ghana, could be buyers, at a price of around £100m.

Grand Metropolitan's recent sale of the intercontinental hotel chain for a fancy £1.5bn has done much to highlight the attractions of Lonrho's hotel interests, which generated an estimated £33m in profits last year. Although the bull market in UK hotel rooms shows signs of slowing, the London Metropole, the Birmingham Metropole and Brighton's Metropole, Pembroke Hotel and Exhibition Hall could collectively be worth £250m, though profits were only £6m last year. Potential buyers include Trusthouse Forte, Mount Charlotte Investments or Scottish & Newcastle.

Lonrho pre-tax profits 1987 by activity



Asset values estimated for 1988

| Company | Value | Percentage |
|--------------------------------|--------|------------|
| Ashanti Goldfields | £100m | 45% |
| Duker Exploration | £35m | |
| John Holt Group | £120m | |
| Hondo Company | £30m | 30% |
| Mining/ranching Zimbabwe | £30m | |
| Keuhne & Nagel | £130m | 50% |
| Karyan interests | £50m | |
| Lonrho Malawi | £20m | |
| Lonrho Sugar | £60m | |
| Lonrho Textiles/David Whithead | £70m | |
| Lonrho Zambia | £30m | |
| Lonrho Zimbabwe | £80m | |
| Metropole Hotels | £250m | |
| Princess Properties | £62.5m | |
| SUITS | £260m | |
| VAG(UK)/SEAT Concessionaires | £230m | |
| Western Platinum | £275m | |
| Other UK companies | £40m | |
| Other overseas companies | £30m | |
| UK property interests | £70m | |

These values could be higher in the event of a breakup following a bid

cellany of businesses ranging from trading, motor distribution and coach-building to publishing. Although profits from these countries are vital to Lonrho, a host of political and other factors reduce their attractions for a buyer. Applying a lowish price earnings multiple of 7%, these businesses are worth perhaps £180m (a figure which excludes Ashanti).

There are numerous other saleable assets. Someone might, for instance, be prepared to pay as much as £100m for the Observer newspaper, though it only made a profit of £2.1m last year. And a wine enthusiast might pay £30m for the two châteaux in France (Rausan Segla and Smith Haut-Lafitte).

The John Holt group, one of Lonrho's subsidiary holding companies, has problems with its Nigerian operations. However, its other businesses - such as FJI, a distributor of kitchen and bathroom equipment, or Flad Staines, which manufactures kitchen sinks - bring its total estimated worth to £120m.

What does this all amount to? Tiny Rowland has suggested that the group would be worth 800p a share if he broke it up, or a total of £3.6bn; City analysts suggest a more modest figure of between 500p and 600p (£2.25bn-£2.7bn), after taking into account the tax implications of a break-up. At current levels, the company enjoys a market capitalisation of around £1.85bn.

Investment bankers the world over must be licking their lips at the prospect of such a gargantuan dismemberment. Whether Mr Bond - with his interests in mining, drinks and leisure - is the man to attempt it remains to be seen. Whoever tries the break-up must remember that in Tiny Rowland, they will have a formidable opponent: he told Department of Trade inspectors investigating the company in 1973-76 that anyone wanting to kill Lonrho had to have "a sub-machine gun, mortars, all sorts of ammunition because I am going to protect it to the bitter end."

MAN IN THE NEWS

James Baker

Vital figure for the Bush era

By Stewart Fleming



whether, in order to try and get the new administration off to a flying start, he might not go back to the job he held in Mr Reagan's first four years in office and become Mr Bush's Chief of Staff. "He would have been the prime minister Don Regan always wanted to be but never was," says one well-informed Republican in a none-too-flattering reference to the man who swapped jobs with Mr Baker in 1985.

Mr Bush's post-election announcement, however, made clear that Mr Baker will be his prime minister anyway. It singled out Mr Baker as the man Mr Bush will depend on in the area of policy-making which the president-to-be is most interested in and which is vital to the success of his term of office.

The arena over which Mr Baker will preside is unwel-

critical policy-making area, because America's international prestige and its domestic economic performance are so closely entwined, in an interview earlier this year, Mr Baker made reference to this by stressing how much higher a role economic issues are playing in the national security of the US.

All this is not to say, of course, that Mr Baker will be trying to run economic policy from the State Department. First of all, the main actor in that drama is the independent Federal Reserve Board under its chairman, Alan Greenspan. Secondly it is expected that Mr Nicholas Brady, the investment banker and former senator who is as old a friend of Mr Bush's as is Mr Baker, will stay on as Treasury Secretary.

Mr Baker will have plenty to do without trying to do his old job as well. But no one doubts

that when he feels the need, the pragmatic Mr Baker's voice will be heard on issues right across the policy-making spectrum. Nor is there any doubt that Mr Baker will play a central role in reaching the agreements he will need with a powerful Congress if he is to achieve the foreign policy goals he sets himself.

His appointment to the top Cabinet post - the Secretary of State is the first Cabinet officer in the line of succession should a catastrophe strike the President - sends other reassuring signals to America's allies. His closeness to Mr Bush promises to create a powerful foreign policy team which will send out a single message at a time, not the confusing babel that has often emanated from Washington when a Secretary of State has had to vie for influence with a powerful,

independent National Security Adviser, based in the White House.

Mr Bush will appoint a team player at the National Security Council and, while there will be disagreements and Mr Baker may not always win his point, it is clear that he will be established if his differences frequently surface in public.

"By appointing your closest political friend you have clearly demonstrated that the Secretary of State is your principal foreign policy spokesman," says one senior fellow at the Brookings Institution, a Washington think tank. The appointment also signals how urgently Mr Bush wants to get his administration in gear. Observers in Washington could not remember the last time a top Cabinet appointment was made the day after the election.

It would be a mistake to suggest that Mr Baker is lacking in foreign policy experience. Four years as White House Chief of Staff and then another four as Treasury Secretary in an era when the world economy was poised on the brink of crisis cannot be dismissed as light training.

But the job of Secretary of State at a time when America is struggling, through periods of relative decline, to work out a new relationship with the allies that will permit it to retain its leadership role is a challenge of a different order.

Mr Baker knows that all too well, which is one reason he was so keen to get his feet under a desk at the State Department quickly. He has a lot to learn before he appears before the Senate for his confirmation hearings, probably in January.

He has proved however that he is a fast learner, a canny negotiator and a man who is wise enough to surround himself with first class associates just to listen to what they say. Just as the success or failure of Mr Bush's bid to succeed Mr Reagan has hinged heavily on Mr Baker's performance over the past four years, so too will the success or failure of the Bush presidency.

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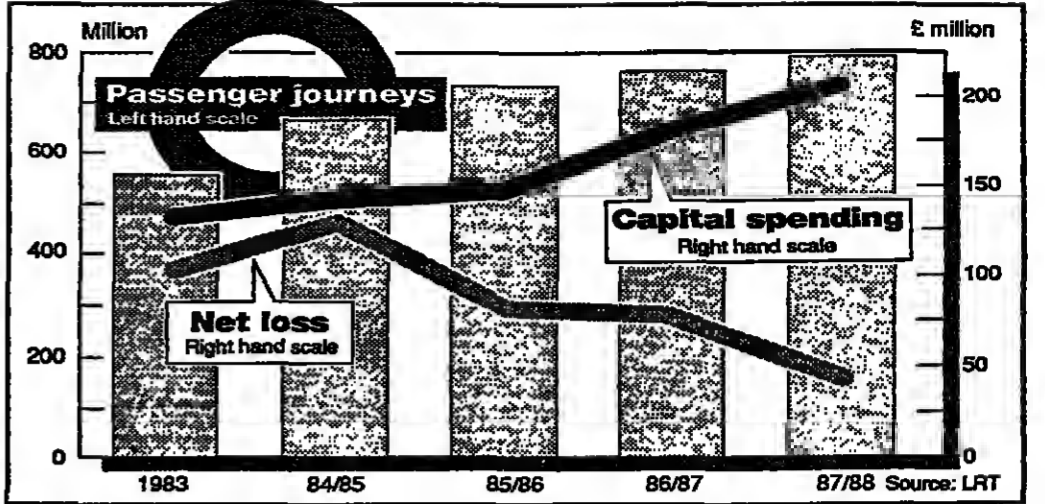
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Kevin Brown looks at London's Underground after the King's Cross report

The long-term problems remain

Mr Denis Tunnicliffe, managing director of the London Underground, met his top 300 managers yesterday to give them a vision of where we go from here...

whose job was cleaning and routine maintenance. The emphasis on cost savings also led LRT to privatise part of its cleaning services...



He inherited the oldest, biggest and most complex Underground railway in the world, at a time when demand was beginning to recover...

James Buxton on the Nationalist by-election victory in Govan and the party's chances of sustaining momentum

A formidable, defiant voice from Scotland

Mr James Buxton, Secretary of the SNP, says the party's success in Govan is a sign of its growing momentum...

Scotland that Labour can no longer hope to win power in a UK general election again, and that if the party is to have any hope of introducing socialist policies in Scotland...

Financing the elderly

From Mr Patrick Carroll. Sir, Donald Franklin's letter (November 9) on financing the elderly in the future suggests that raising the retirement age is the obvious way to carry the increased burden of an aged generation...

NHS money-go-round

From Mrs Gladys Turner. Sir, The announcement in the UK Chancellor's Autumn Statement that the National Health Service (NHS) was to receive a £2.2bn increase in funding naturally appealed to many Conservative backbenchers...

The sky's the limit

From Mr Lindsay Hutchinson. Sir, Mr David Smyth's letter (October 28) about the original purpose of the stock exchange was very interesting...

Property shares are just shares

From the Chairman, Storehouse Combined Pension Fund. Sir, Paul Cheseright's recent article touched on an intriguing issue: do property shares reflect the stock market or the property market?

Biological ways of controlling pests would be better than chemical

From the President, International Fund for Agricultural Development (IFAD). The lessons learned from the latest plague are that in order to prevent the periodic locust invasion, measures are needed in the form of strengthening or creating regional institutions to carry out surveillance and timely prevention.

Table with columns: Product, Applied rate, Net interest, Minimum, Access and other details. It lists various investment products from Building Society Investment Terms.

UK COMPANY NEWS

Dublin court orders Fyffes to sell IDG stake to Pernod

By Kieran Cooke in Dublin and Lisa Wood in London THE SUPREME Court in Dublin yesterday upheld a ruling ordering Fyffes, Dublin based food company, to sell its 20 per cent stake in the Irish Distillers Group to the French Pernod Ricard company.

Struggle at Bestwood as ex-chief plans return

By Philip Coggan A STRUGGLE for control at Bestwood, property and industrial holding company, is now under way with Mr Tony Cole, its former chairman, aiming to return to the board as chief executive.

Norex to bid for LOFS

By Vanessa Houlder NOREX, the shipping company formerly known as Common Brothers, yesterday said it was considering making a bid for London & Overseas Freighters, the UK tanker group.

Maxwell to acquire Italian publisher

MR ROBERT Maxwell went to Milan yesterday and announced he was negotiating to acquire control of loss-making IPSOA, an Italian text book and scholastic journals publisher.

Problems joining Hephher and Black Horse

Nick Bunker on the decision facing Abbey shareholders over a merger with Lloyds MR MICHAEL Hephher is a persuasive man. But his reputation as one of the life assurance industry's most articulate managers has been tested to the full in the last three weeks.

Reorganised Goldberg profits fall to £0.34m midway

By Maggie Urry A GOLDBERG, the Scottish-based retailer, saw a fall in group interim pre-tax profits but Mr Mark Goldberg, chairman and chief executive, said this period was the most significant one of change for the group.

Problems joining Hephher and Black Horse

Nick Bunker on the decision facing Abbey shareholders over a merger with Lloyds

MR MICHAEL Hephher is a persuasive man. But his reputation as one of the life assurance industry's most articulate managers has been tested to the full in the last three weeks.



Michael Hephher - adamant that Abbey could still prosper



Brian Pittman - Lloyds would get 57% without a full bid

At London's Savoy Hotel, shareholders of the UK's Abbey Life, which Mr Hephher publishes, will vote on Monday on his board's plan for a merger worth £1.15bn with Lloyds Bank's retail financial services business.

For instance, Allied Dunbar owes much to its highly respected back-office. When Mr Hephher arrived at Abbey he found demoralised staff tripping over piles of files.

For instance, Allied Dunbar owes much to its highly respected back-office. When Mr Hephher arrived at Abbey he found demoralised staff tripping over piles of files.

1987 had a 23bn leasing and installment credit portfolio. "Bowmaker is low quality by comparison to Abbey," says the chief investment manager of one large pension fund bothered by its bad debt potential.

If the vote goes against Abbey's board, its public announcements leave scant room for re-negotiation. A letter from Abbey's board to shareholders this week stressed that Lloyds would not make a full bid.

Reorganised Goldberg profits fall to £0.34m midway

By Maggie Urry A GOLDBERG, the Scottish-based retailer, saw a fall in group interim pre-tax profits but Mr Mark Goldberg, chairman and chief executive, said this period was the most significant one of change for the group.

capital expenditure would be in line with depreciation. Much of the expansion has been in England. In the Wynges fashion chain and the Schuh footwear business, 40 per cent of sales will be made in England by the year end.

Now held a 25.2 per cent stake in Goldberg. Charterhall was treated just like other shareholders. "Our priority is to grow the business for the benefit of all the shareholders."

a quarter of the shares. It is encouraging that the management is handling the transition so well - at least in communicating its strategy. However, it is clearly a difficult time to be expanding in the fashion market just when others are seeing profits fall.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Latest, 1988, Stock, Dividend, Yield, etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Latest, 1988, Stock, Dividend, Yield, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Latest, 1988, Stock, Dividend, Yield, etc.

TRADITIONAL OPTIONS

Table with columns: Issue, Amount, Latest, 1988, Stock, Dividend, Yield, etc.

Waverley Cameron expanding

By Vanessa Houlder WAVERLEY CAMERON, the loss-making Scotch stationer, has announced its second set of acquisitions since Mr James Gulliver, the former Argyll chairman who now heads Lowndes Queensway, took control in February.

Leisuretime US purchase

LEISURETIME International, the hotel, travel and nursing home operator, is to buy the Howard Johnson Hotel in Orlando, Florida from Lake Wilson Motel Corporation for \$6m (£4.4m) in cash.

Edmonds reverses interests into Irish shell

By Philip Coggan MR PHILIPPE Edmonds is set to become the first Zambian-born England cricketer to be chief executive of a listed company after he reverses his private business interests into Woodington, an Irish shell.

Harrison Inds warns of first half downturn

By Fiona Thompson HARRISON Industries, manufacturer of industrial and domestic doors, castings and power transmissions, warned yesterday that its pre-tax profits for the six months to September 30 would be substantially down on last year's. The interim figures will be published in January.

Midland continues talks for Italian bank stake

By David Lascelles, Banking Editor MIDLAND BANK is expected to pursue its plans to buy a 40 per cent stake in Eurobancare, the Italian investment bank, after talks with the bank and its owners in London this week.

CI expands castings with £4.9m share deal buy

By Richard Tomkins, Midlands Correspondent CI GROUP, Wolverhampton-based steel and engineering group, is to buy William Coupe (Higher Works), a family-owned foundry near Preston in Lancashire, in a share deal worth £4.9m.

MB shares to be relisted

By Maggie Urry SHARES OF MB Group, the former Metal Box, which is merging its packaging interests with Carmaud, French packaging company, are to be relisted on the stock market on Monday. They were suspended at 278p on October 26, when the merger was announced.

COMPANY NEWS IN BRIEF

BENLOX HOLDINGS Rights issue has been taken up in respect of 9.6m shares (89.6 per cent).

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date of payment, Current dividend, Total for year, Total for last year.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: The Palestine Liberation Organisation's highest policy making body is expected to meet in Algiers to launch a political initiative aimed at winning initial support for the establishment of an independent Palestinian state.
TOMORROW: National Savings monthly progress report (October). NATO assembly in Hamburg.
MONDAY: CBI/FT survey of distributive trades (October). Producer price index numbers (October provisional). Retail sales (October provisional). Mrs Margaret Thatcher, Prime Minister, stands Lord Mayor's banquet. Financial Times holds conference "World electricity" at Hotel International, London W1. British Coal first-half results. European Parliament in session in Strasbourg (until November 18). Formal meeting of European Community agriculture council in Brussels (until November 15). Austin Rover pay ballot. Special shareholder meetings at Abbey Life. Grantly Lloyds Bank to approve new corporate limit. Association of County Councils annual conference. Organisation of American States meets in Salvador.
TUESDAY: Index of output of the production industries (September). Mrs Thatcher visits Washington (until November 17). US Tax and price index (October). Retail price index (October). British Airways half-year results.

National Environment Research Council annual report. WEDNESDAY: Public sector borrowing requirement (October). US business inventories (September). advance merchandise trade figures. Pakistan general elections. Agriculture and Food Research Council annual report. Mr Beryl Sprinck, chairman of President Reagan's council of economic advisers, to speak on "Post-election assessment of the US economy" at US Embassy, London. Mr Alan Clark, Minister for Trade, speaks at Swedish Chamber of Commerce luncheon at the Inn on the Park, London.
THURSDAY: Manufacturers' and distributors' stocks (third quarter provisional). Capital expenditure by the manufacturing and service industries (third quarter provisional). Labour market statistics: unemployment and vacancies (September provisional); average earnings indices (August provisional); employment, hours, productivity and unit wage costs; industrial disputes. US housing starts (October) and building permits. OPEC strategy and price committee meet in Vienna.
FRIDAY: London and Scottish banks monthly statement (October). Provisional estimates of monetary aggregates (October). Tax and price index (October). Retail price index (October). British Gas interim figures.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol, Last, Change, etc. for various options series.

Table with columns: Series, Vol, Last, Change, etc. for various options series.

TOTAL VOLUME IN CONTRACTS: 42,340
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

Table listing base lending rates for various banks and currencies.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid, Price, Change, Yield, Week, Month, etc. for UK Gilts, US Treasury, Japan, Germany, France, Canada, Netherlands, Australia.

London closing, denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Source

BUSINESS TRAVEL

The Financial Times proposes to publish this survey on: 25th November 1988. For a full editorial synopsis and advertisement details, please contact: Tim Kington on 01-248 9880 ext. or write to him at: Bracken House, 10 Cannon Street, London, EC4A 4BY.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS, Friday November 11 1988, High, Low, etc. for various equity groups.

FIXED INTEREST

Table with columns: PRICE INDICES, British Government, etc. for various fixed interest instruments.

Financial Times Guides to Investment and Financial Planning

Advertisement for Financial Times guides including: The 1988 Investor's Companion to the Top 100 UK Companies, Working Abroad - The Expatriate's Guide, Investing for Beginners, Unit Trust Year Book 1988 and Autumn Update, Financial Times Guide to Investment Trusts, Financial Times Guide to Unit Trusts, Investment Bond Year Book 1988, Personal Pensions 1988-89, Executives and Directors' Pensions 1988-89.

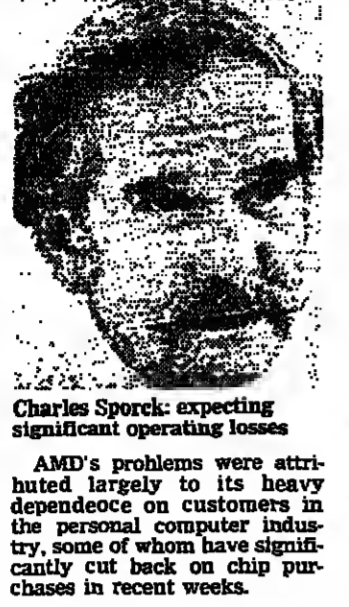
INTERNATIONAL COMPANIES AND FINANCE

US chipmakers head for sharp dip

By Louise Kehoe in San Francisco

US CHIPMAKERS, who had been anticipating a gradual slowdown in business next year, appear to be heading into a sharp decline... Two of Silicon Valley's largest semiconductor manufacturers have reported a significant worsening in market conditions.

The decline in semiconductor orders from the personal computer market was also reflected earlier this week in the industry's leading indicator, the book-to-bill ratio, which fell to a three-year low of 0.93 for October... This means that the industry 'booked' new orders worth \$92 for every \$100 worth of chips sold during the month.



Charles Sporck, president of National Semiconductor, expects significant operating losses

Norway rescues savings banks

By Karen Fossil in Oslo

THE Bank of Norway and the government-backed Savings Bank Guarantee Fund have assembled a Nkr800m (\$121.7m) rescue package for two savings banks... In September, the central bank and the Guarantee Fund of the Commercial Banks intervened as lenders of last resort to Summoenbanks, a medium-sized commercial bank.

Electrolux acquires US garden equipment group

By Robert Taylor in Stockholm

ELECTROLUX, the world's leading white goods manufacturer, has bought part of Roper, one of America's leading producers of garden equipment, for \$25m. The deal confirms Electrolux's strategy of expanding its acquisitions in outdoor consumer products... Earlier this year, Electrolux failed in its bid to buy the Murray Ohio Manufacturing lawn-mower company, which was eventually acquired by Tomkins of the UK for around \$24m.

Edward of the US, which makes chainsaws as well as lawn trimmers and blowers. Earlier this year, Electrolux bought A and E Systems, the largest American manufacturer of window awnings and fittings for mobile homes... The market for garden equipment is being globalised in the same way as for other household products.

Unigestion in partial rights issue

By William Dulforce in Geneva

UNIGESTION, the construction finance company which took control of Banca Svizzera Italiana earlier this year, is reinforcing its capital through a partial rights issue... Shareholders are being asked to authorise the issue of 38,000 new bearer shares with a nominal value of SF1500 (\$340) each to take the share capital from SF175m to SF194m. A tranche of 13,500 new shares will be offered to current holders of both registered and bearer shares as a one-for-20 rights issue.

Saga rejects Elf merger offer

By Karen Fossil in Oslo

SAGA PETROLEUM, the Norwegian oil company, has rejected an offer to merge with Elf Aquitaine Norge, the Norwegian subsidiary of Paris-based Societe Nationale Elf Aquitaine, despite pressure from major shareholders and Norwegian officials... The invitation by Elf to open negotiations with Saga is the second failed attempt by the two to merge.

Sara Lee in Israeli agreement

By Andrew Whitely in Jerusalem

SARA LEE, the US foodstuffs and personal products conglomerate, is to take a substantial stake in Delta-Gall, a leading Israeli textiles company, in a move aimed at strengthening its men's underwear business... Mr Dov Lautman, president and chief shareholder who has been seeking a foreign partner for some months, will retain control.

Lai Sun advances as turnover soars by 90%

By Michael Murray in Hong Kong

LAI SUN Development, the Hong Kong property group, has reported net profits of HK\$230m (\$42.2m) for the year ended July 1988, an increase of 62 per cent over the previous year... Lai Sun Development, formerly the Lai Sun Garment Company, became a property development and investment company last year when it acquired the manufacturing activities of the Lai Sun Garment International itself.

Schindler sees a lift in earnings

By John Wicks in Zurich

SCHINDLER, the Swiss lift and escalator company, expects group profits to rise to at least SF100m (\$54.4m) this year... The company said turnover should be about 20 per cent higher than last year's SF1.8bn. Order growth had also advanced and the figure for the full year would be better than the 17.7 per cent growth rate reported for the first half.

Barrick optimistic in spite of gold price fall

By Kenneth Gooding, Mining Correspondent

REPORTING record earnings for the third quarter and first nine months of the current year, American Barrick Resources, the North American gold producer, expects continued earnings growth in spite of the recent fall in the gold price... It predicts further increases in gold output and says it is benefiting from its comprehensive hedging programme.

Allied-Signal restructures unit

By Our Financial Staff

ALLIED-SIGNAL, the US group which provides a range of products to the aerospace and automotive industries, is to reorganise its Garrett Automotive operations in North America and Europe in a bid to cut costs... The group, which has been steadily restructuring during the past few years, is to consolidate 15 plants into eight in the next two years and cut about 550 jobs, mostly in North America.

Court to hear Pillsbury move

A DELAWARE Court judge requested attorneys to submit briefs by Monday on when the court should hear Grand Metropolitan's new motion challenging Pillsbury's poison pill... Grand Met is seeking to overturn Pillsbury's poison pill, which would make it extremely costly for the British company to buy the 74 per cent of Pillsbury shares it holds.

investment was part of its long-term strategy. Its goal is believed to be to use the Israeli company's tariff advantages in the European Community to establish a strong foothold before 1992.

Although 70 per cent of Sara Lee's \$10.4bn annual turnover is still derived from food products, it has become a major force in the men's underwear, hosiery and T-shirt sectors of the clothing business. Apart from well-known brand names are Hanes, Leggs, Hillshire Farms, Kiwi polishes and Sara Lee.

WORLD COMMODITIES PRICES

Table with multiple sections: LONDON METAL EXCHANGE, SPOT MARKETS, COCOA, COFFEES, GRAINS, POTATOES, SOYABEAN MEAL, SUGAR, RUBBER, COTTON, SILVER, GOLD, PLATINUM, CRUDE OIL, and CHICAGO. Each section contains price data for various commodities.

INTL. COMPANIES

Nichii buys 36% stake in Nissan Construction

By Stefan Wagstyl in Tokyo
NICHII, a leading Japanese construction firm, is buying a 36.6% stake in Nissan Construction...

The 36.7 per cent stake is being sold by Hitachi Zosen, the debt-laden ship-building and heavy machinery group...

Analysts said transactions of this size usually happened once or twice a year. Earlier this year, Nippon Steel bought an 18 per cent stake in Sanjyo Seiki...

As with the Nippon Steel-Sanjyo Seiki deal, the Tokyo Stock Exchange might be forced to launch an inquiry into insider trading...

In the year to last February, it recorded consolidated sales of ¥287bn and pre-tax profits of ¥25.9bn. The group is strongly committed to diversification...

The Nichii deal was arranged by Nomura Wasserstein Perella, an affiliate of Nomura Securities, in its first important transaction since it opened for business less than a month ago...

Philippines copper mine plans shake-up

By Richard Gourlay in Manila

In the first nine months of 1987, Atlas made a pre-tax profit of \$16 million compared with a pre-tax loss of \$10 million last year...

The planned restructuring would leave Atlas with a market capitalisation of around \$200 million, Citibank and American Capital's financial advisers in the Philippines are putting together the restructuring package...

Buoyant copper prices will bring Atlas into profit this year for the first time since 1985. This has enabled the company to repay some \$35m of debt (\$22.3m including the 25 per cent discount that the banks accepted) in July. It will pay a further \$12m (\$12m) in December, bankers said.

TNT delivers 16% rise in first-quarter profits

By Chris Sherwell in Sydney

TNT, the Australian-based international transport group, yesterday reported a 16 per cent increase in first-quarter profits and foresees another record performance in the year to June 1989.

Figures released at the group's annual general meeting showed an equity-accounted net operating profit of A\$54.6m (\$46.1m) for the three months to September compared with A\$46.9m in the same period last year. Revenue climbed 14.9 per cent to A\$494m.

Sir Peter Abeles, managing director, pointed to the contribution coming from the group's UK express delivery and newspaper distribution operations, and said the ground-breaking European overnight air express service was performing better than expected.

A regional breakdown of the 1987-88 results, published in the group's latest annual report, shows profits from TNT's European operations more than doubled to A\$89m, and standing at over half the Australasia and South-East Asian contribution. Overall net profit in 1987-88 was A\$206.5m, up 36 per cent.

TNT said yesterday the group's "operational well-placed" to benefit from the emergence of the European single market in 1992. It also disclosed its intention to establish a South American-wide transport operation based on its business in Brazil.

On its Australian operations, Sir Peter said TNT's Ansett airline, owned jointly with Mr Rupert Murdoch's News Corporation, enjoyed a 60 per cent share of the total domestic market and looked forward to increasing this in the post-1990 deregulated domestic market.

New chief for Broken Hill Proprietary in May

By Chris Sherwell in Sydney

BROKEN Hill Proprietary, Australia's largest company, said yesterday that Sir Arvi Parbo, chairman of Western Mining, would be its chairman from next May following the retirement of Sir James Balderstone.

Sir Arvi, who has been on the board of BHP, which has extensive interests in oil, coal and other natural resources, since August 1987 will be a non-executive chairman and his post will last three years. Mr Brian Loton, managing director and chief executive, was named deputy chairman.

CURRENCIES, MONEY AND CAPITAL MARKETS

Dollar in the doldrums

THE DOLLAR fell sharply in currency markets yesterday, as the failure of G7 central banks to provide co-ordinated dollar support, encouraged short-term investors to test the dollar's downside.

Intervention by the Bank of Japan in Singapore and Tokyo, and also in London, via the Bank of England, had only a limited effect, as it was only when the West German Bundesbank bought \$50m at the Frankfurt fixing, that the dollar showed any signs of stabilisation.

The Bundesbank's intervention took traders by surprise. Most had not expected any support action until the dollar was nearer to DM1.70. But the sudden speed with which the dollar broke through support at DM1.740, may have forced the Bank's hand.

Despite the dollar's pause for breath, the mood of the market suggests that central bank intervention is likely to have only a limited effect, unless the market receives some form of re-assurance on fiscal policy from the newly elected US administration.

The dollar's steadier tone after the Bundesbank's intervention proved to be short lived, and the US unit continued to slide in late European trading. Any influence from US trading was severely curtailed by the closure of most financial centres for Veterans Day.

The dollar fell to a five-month low of DM1.740, down from DM1.7575 on Thursday, and ¥122.65, its lowest level this year, and down from ¥128.95 previously. Elsewhere, it finished at SF1.4550 from SF1.4770, and FF5.2275 compared with FF5.0075. On Bank of England figures, the dollar's exchange rate index fell from 94.5 to 93.5.

Sterling was dragged down with the dollar against major European currencies, but the pound's sharp appreciation against the US unit to \$1.8165, its best level since June, and up from \$1.7960 on Thursday, enabled the exchange rate index to move up to 77.0 from 76.5 at the opening and Thursday's close.

At one point the pound dipped to around DM3.14, but investors viewed sterling as a good buy at this level, and it quickly recovered to finish at DM3.1475, although this was still down from DM3.1575 on Thursday. It was unchanged against the yen at ¥222.75, but slipped to SF2.6425 from SF2.6525 and FF10.7900 compared with FF10.7900.

The D-Mark continued to recover against the Japanese yen, having touched a record low earlier this month. Continued intervention by the Bank of Japan to depress the yen, had a greater effect than limited attempts by the Bundesbank to hold down the D-Mark. Consequently the latter rose to ¥70.73, from ¥70.55 on Thursday.

FOREIGN EXCHANGES

Table with columns: No. 11, Last, Previous. Lists exchange rates for various currencies like Sterling, Swiss Franc, etc.

STERLING INDEX

Table with columns: No. 11, Last, Previous. Lists sterling index values for various currencies.

CURRENCY RATES

Table with columns: No. 11, Last, Previous. Lists currency rates for various countries like USA, Canada, etc.

CURRENCY MOVEMENTS

Table with columns: No. 11, Rank, Change. Lists currency movements for various currencies.

OTHER CURRENCIES

Table with columns: No. 11, Last, Previous. Lists other currency rates like Australian Dollar, etc.

FORWARD RATES AGAINST STERLING

Table with columns: Spot, 1 mth, 3 mths, 6 mths, 12 mths. Lists forward rates for various currencies.

MONEY MARKETS

Table with columns: No. 11, Overnight, One Month, Two Months, Three Months, Six Months, One Year. Lists money market rates.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer. Lists interbank fixing rates for various currencies.

MONEY RATES

Table with columns: No. 11, Overnight, One Month, Two Months, Three Months, Six Months, One Year. Lists money rates for various currencies.

LONDON MONEY RATES

Table with columns: No. 11, Overnight, 7 days notice, One Month, Three Months, Six Months, One Year. Lists London money rates.

LEFFE LAMB ONLY FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Lists Leffe Lamb futures options.

LEFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Lists Leffe US Treasury Bond futures options.

LEFFE FTSE INDEX FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Lists Leffe FTSE Index futures options.

LEFFE 6% BONDS

Table with columns: Strike, Call, Put, etc. Lists Leffe 6% bonds.

LEFFE 10% BONDS

Table with columns: Strike, Call, Put, etc. Lists Leffe 10% bonds.

LEFFE 8% BONDS

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LEFFE 12% BONDS

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LEFFE 15% BONDS

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LEFFE 18% BONDS

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LEFFE 20% BONDS

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LEFFE 26% BONDS

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LEFFE 30% BONDS

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LEFFE 32% BONDS

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LEFFE 34% BONDS

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LEFFE 42% BONDS

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LEFFE 70% BONDS

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LEFFE 72% BONDS

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LEFFE 74% BONDS

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LEFFE 90% BONDS

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LEFFE 94% BONDS

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LEFFE 114% BONDS

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LEFFE 120% BONDS

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LEFFE 126% BONDS

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LEFFE 128% BONDS

Table with columns: Strike, Call, Put, etc. Lists Leffe 128% bonds.

LEFFE 130% BONDS

Table with columns: Strike, Call, Put, etc. Lists Leffe 130% bonds.

LEFFE 132% BONDS

Table with columns: Strike, Call, Put, etc. Lists Leffe 132% bonds.

November 11 Total Contracts 34,242 Calls 16,770 Puts 15,472 FT-SE Index 2992 Puts 6456 Underlying security price.

FT GUIDE TO WORLD CURRENCIES Every Tuesday in the FT

WORLD STOCK MARKETS

NEW YORK (G pm)

Table of New York stock market data including various indices and individual stock prices.

NEW YORK (pm)

Table of New York stock market data for the previous day.

NEW YORK (pm)

Table of New York stock market data for the previous day.

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NEW YORK (pm)

Table of New York stock market data for the previous day.

INDICES

Table of various stock market indices including Dow Jones, S&P 500, and others.

NEW YORK

Table of New York stock market data including various indices and individual stock prices.

NEW YORK

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NEW YORK

Table of New York stock market data including various indices and individual stock prices.

NEW YORK ACTIVE STOCKS

Table of active stock market data for New York.

NEW YORK

Table of New York stock market data including various indices and individual stock prices.

NEW YORK

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WORLD STOCK MARKETS

AMERICA

Dow drops to lowest level since September

Wall Street

A FURTHER drop in the dollar hit Wall Street badly yesterday... Dow Jones Industrial Average was down 26.50 points to 2,088.19...

Although the bond market was not officially open in New York because of the Veterans Day holiday, US Treasury prices quoted by banks and dealers in London also showed severe setbacks...

numbered gainers by a ratio of four to one. The cause of both markets' problems was clear enough. The dollar continued to fall abruptly against both the yen and European currencies...

retreated "bear trap" sprung by the world's central bankers in the first week of this year. Currency traders spoke of the possibility that central bankers were preparing another bear trap...

leading a retreat by the whole sector. Advanced Micro Devices was another significant loser, declining a further 5% to \$84 in heavy trading...

Japanese market eschews all unseemly behaviour

The Japanese like to think of themselves as a very proper people. So even though all manner of funny business might go on in the equity market, when there are serious issues in the air people can be models of decorum, moderation and, well, dullness...

et of a recovery. His illness had its psychological impact - everyone was nervous about what would happen to the market in the event of the Emperor's death...

kat. Uncertainties about the Recruit affair and the Emperor are still in the air, but the more positive underlying forces in the market seem to have taken over...

EUROPE

Currency concerns fuel further small losses

THE WEAKNESS of the dollar and the closure of Paris and Brussels for Armistice Day left the remaining European bourses lower in relatively dull trading...

of Allianz, said there were no plans to form a joint venture with Dresdner to sell Allianz's insurance products. Among weak banks, Dresdner ended DM2.10 down at DM226.70...

unchanged. Much of the trading was driven by technical considerations, said a dealer, because it was the monthly deadline for options contracts...

and still relatively cheap, he said. ZIRICH was quiet again as worries about the dollar and the overnight declines on Wall Street weighed on investors' minds...

total losses for the week to 2.07 points. Property group Afisa announced a 1-for-8 rights issue and lost 15 points to \$15 per cent of nominal market value...

ASIA PACIFIC

NTT helps Nikkei to all-time peak

INVESTORS staged a show of renewed confidence in equities yesterday, and share prices rose on a broad front to lift the Nikkei average to a record high...

The yen continued to remain at its high level against the dollar and, as a result, the bond market kept up its strong performance. Buying interest in equities shifted from issues selected on recently favoured market themes to neglected sectors...

force behind the bullishness in yesterday's market, said analysts. NTT rose at one time past its public offering price level of ¥1.50n, to ¥1.93n...

spite of Tokyo's record high - after the Reserve Bank of Australia raised the discount rate to 14.8 per cent, which increased pressure on banks to lift their prime rates...

HONG KONG shrugged off sporadic profit-taking by close firms, mostly on the cost-tails of Tokyo's strong surge. The Hang Seng index rose 6.73 to 2,583.74...

Tokyo

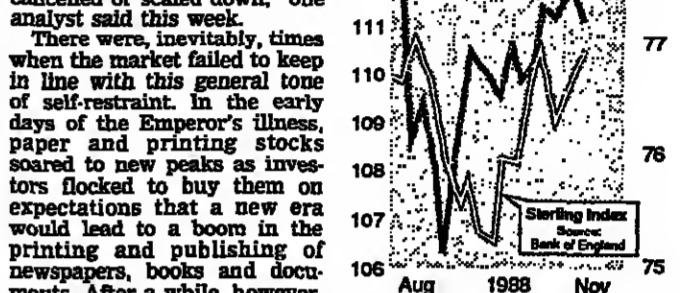
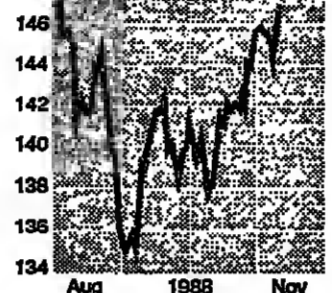
INVESTORS staged a show of renewed confidence in equities yesterday, and share prices rose on a broad front to lift the Nikkei average to a record high, writes Michio Nakamoto in Tokyo...

The Nikkei average, which had gradually been moving closer to its past high of 28,423.38, kept climbing throughout the day to close up 323.15 at 28,489.57...

Retail stocks were also selected in the general move to buy laggards, especially among domestic demand-related stocks. Mitsubishi rose at one stage to a new high of ¥2,080, up ¥30 from its previous peak...

SINGAPORE closed slightly higher as Tokyo's gains and selected bargain-buying helped shares recover from early selling pressure. The Straits Times index edged up 0.91 to 1,015.03...

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The Ministry of Finance (MoF) now provides guidance on acceptable levels of price rises and falls, especially on prices of newly issued shares. The day of new issues doubling and tripling in price in the immediate aftermath of a flotation may not return for some time...

has been talk of institutional investors easing their cash positions and redirecting more funds into equities. Even for foreign investors are beginning to take another look at Japan. For the first time in five years, foreigners were net buyers of Japanese equities for eight consecutive weeks between September and November...

APPOINTMENTS

Company secretary of Plessey: THE PLESSEY COMPANY has appointed Mr John E. Bayley as company secretary from January 3. He is company secretary and group general counsel of the Westland Group...

Financial chief at Lloyds Bank

Mr Colin N.J. Wilks (above) becomes chief financial officer of LLOYDS BANK on November 30 when Mr L.G. Wilkinson retires. Mr Wilks moves from the bank's New York office...

PHARMACEUTICAL BUSINESS NEWS

The executive newsletter for the pharmaceutical industry. The Financial Times new twice-monthly international review of the Pharmaceutical Industry. Pharmaceutical Business News is the essential digest that keeps decision-makers briefed on the vital moves that shape the pharmaceutical industry...

Subscription coupon form with fields for Name, Company, Address, and Postcode. Includes contact information for PBN Marketing, FTBI, Tower House, Southampton Street, London WC2E 7HA, England.

FT-ACTUARIES WORLD INDICES

Table with columns for Regional Markets (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA), Thursday November 10 1988, Wednesday November 9 1988, and Dollar Index. Includes base values and source information.

LONDON STOCK EXCHANGE

Widespread setback for equity sector

CONCERN THAT the sliding US dollar could prompt the Federal authorities to tighten credit and spark off another round of higher global interest rates sent UK equities tumbling in late dealings last week...

Accounting Reporting Dates table with columns for First Reporting, Options, Last Reporting, and Annual Reporting dates.

to cover ADR positions in US markets. The rally soon ended, however, and UK equities shares then resumed their reaction to the fall in the US currency.

Warburg Securities predicts a deficit of \$11bn, against August's \$13.4bn, and Nomura Securities expects around \$10.5bn. Some London forecasts range to \$14bn.

Warburg Securities predicts a deficit of \$11bn, against August's \$13.4bn, and Nomura Securities expects around \$10.5bn. Some London forecasts range to \$14bn.

FINANCIAL TIMES STOCK INDICES

Table of Financial Times Stock Indices showing values for Government Secs, Fixed Interest, Ordinary, Gold Mines, and Ord. Yld.

Table of S.E. Activity Indices showing values for Gilt Edged Bargains, Equity Bargains, and 5-Day Average.

Doubt on Lloyds plan

Abbey Life and Lloyds Bank shares were actively traded after numerous press reports that the proposed link-up between the two companies could run into major opposition.



Sun could launch a rights issue in the near future brought major selling of the life company's stock.

activity, much of which represented bearish views on LASMO.

retained their weak status while manufacturers were somewhat steadier in the face of market weakness.

retained their weak status while manufacturers were somewhat steadier in the face of market weakness.

TRADING VOLUME IN MAJOR STOCKS

Table of Trading Volume in Major Stocks with columns for Stock, Value, and Price change.

Lourho disappoints

The cry echoed round the market that Bond Corporation was back buying when a trade of 1m Treasury shares at 38 1/8p flashed across the screen early yesterday.

International stocks ran into decided end of Account filters, hit by the weakness of the dollar and by talk of at least two programme trades.

The clearers, Lloyds Bank apart, held up well in the face of the widespread slump in equities.

retained their weak status while manufacturers were somewhat steadier in the face of market weakness.

retained their weak status while manufacturers were somewhat steadier in the face of market weakness.

posed business developments. Caird rose 3 to 70 1/2p in good trade of around 800,000 shares which included a mark of 300,000 at 70 1/2p which had dealers rather mystified.

WHICH FT DIARY WILL YOU CHOOSE FOR 1989?

Advertisement for FT Diaries for 1989, including a list of products, an order form, and a table of prices for various diary editions.

WEEK IN THE MARKETS

Copper price upsurge falters

THE SUSTAINED upsurge in world copper prices faltered this week as US speculators started to cash in the accumulated profits which have been burning holes in their pockets for so long.

points out that the next round of three-yearly labour contract negotiations in the US aluminium industry - beginning at the end of May - will come against the background of a much tighter supply situation than ever before and will put at risk about 18 per cent of non-communist world capacity.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Main table listing various unit trusts with columns for Name, Class, Price, and other details. Includes sections for 'LEADERS AND LAGGARDS' and 'RISES AND FALLS'.

LEADERS AND LAGGARDS

Table showing percentage changes since December 31 1987 based on Thursday November 10 1988. Lists categories like Overseas Traders, Property, Leisure, etc.

RISES AND FALLS

Table showing rises and falls on Friday and on the week. Lists categories like British Funds, Corp. Debt, Foreign Bonds, etc.

BANK RETURN

Table showing banking department returns for Wednesday November 9, 1988, and increase/decrease for the week.

ISSUE DEPARTMENT

Table showing issue department returns for Wednesday November 9, 1988, and increase/decrease for the week.

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES: These represent the marketing, administrative and other costs which have to be paid by new investors. They are charged as a percentage of the price when the investor buys units.

UNIT TRUSTS: These represent the marketing, administrative and other costs which have to be paid by new investors. They are charged as a percentage of the price when the investor buys units.

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Handwritten note: 10/11/1988

FT UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information, including columns for company name, unit price, and other financial details. Includes sub-sections like 'INSURANCES' and 'OTHER UK UNIT TRUSTS'.

INSURANCES

Table listing insurance-related unit trusts and their details.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts and their details.

FT UNIT TRUST INFORMATION SERVICE

Main table containing FT Unit Trust Information Service data, including columns for Unit Price, Offer Price, Yield, and various fund names like Norwich Union Asset Management Ltd, Prudential Capital Life Ass. Co Ltd, etc.

MANAGEMENT SERVICES

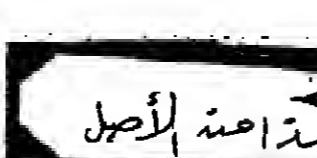
Yorkshire & Lancashire Investment Mgmt. Ltd, The Analysis Group PLC, etc.

OFFSHORE AND OVERSEAS

UK LISTED, Hamilton Fd Mgmt (Guernsey) Ltd, etc.

UK LISTED

Hamilton Fd Mgmt (Guernsey) Ltd, J. D. Ward Financial Services Ltd, etc.



FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Type, Assets, and Performance.

LONDON SHARE SERVICE

Table of London Share Service listing various share funds and bonds with columns for Name, Type, Assets, and Performance.

Handwritten note: 10/11/88

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds listing various offshore investment vehicles.

Money Market

Table of Money Market listing various money market instruments and rates.

Money Market Bank Accounts

Table of Money Market Bank Accounts listing various bank account offers.

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns for Stock, Price, and other financial metrics.

CANADIANS. Table listing Canadian companies and their share prices.

BANKS, HP & LEASING. Table listing financial institutions and their share prices.

BEERS, WINES & SPIRITS. Table listing beverage companies and their share prices.

BUILDING, TIMBER, ROADS. Table listing construction and infrastructure companies.

BUILDING, TIMBER, ROADS - Contd. Table continuing construction and infrastructure companies.

CHEMICALS, PLASTICS. Table listing chemical and plastic companies.

DRAPERY AND STORES. Table listing retail and clothing companies.

ELECTRICALS. Table listing electrical and electronics companies.

ENGINEERING. Table listing engineering and technology companies.

ENGINEERING - Contd. Table continuing engineering and technology companies.

ENGINEERING - Contd. Table continuing engineering and technology companies.

FOOD, GROCERIES, ETC. Table listing food and grocery companies.

HOTELS AND CATERERS. Table listing hospitality companies.

INDUSTRIALS (Misc.) Table listing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table continuing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table continuing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table continuing various industrial companies.

INDUSTRIALS (Misc.) - Contd. Table continuing various industrial companies.

INSURANCES. Table listing insurance companies.

LEISURE. Table listing leisure and entertainment companies.

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LONDON SHARE SERVICE

LEISURE - Contd

Table of share prices for Leisure companies, including titles like Leisure Group, Leisure Leisure, and Leisure Leisure.

PROPERTY

Table of share prices for Property companies, including titles like Property Group, Property Group, and Property Group.

TEXTILES - Contd

Table of share prices for Textiles companies, including titles like Textiles Group, Textiles Group, and Textiles Group.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land companies, including titles like Trusts Group, Finance Group, and Land Group.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies, including titles like Oil Group, Gas Group, and Oil Group.

MINES - Contd

Table of share prices for Mines companies, including titles like Mines Group, Mines Group, and Mines Group.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades companies, including titles like Motors Group, Aircraft Group, and Motors Group.

Commercial Vehicles

Table of share prices for Commercial Vehicles companies, including titles like Commercial Group, Commercial Group, and Commercial Group.

Components

Table of share prices for Components companies, including titles like Components Group, Components Group, and Components Group.

Garages and Distributors

Table of share prices for Garages and Distributors companies, including titles like Garages Group, Distributors Group, and Garages Group.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers companies, including titles like Newspapers Group, Publishers Group, and Newspapers Group.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, and Advertising companies, including titles like Paper Group, Printing Group, and Advertising Group.

SHIPPING

Table of share prices for Shipping companies, including titles like Shipping Group, Shipping Group, and Shipping Group.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies, including titles like Shoes Group, Leather Group, and Shoes Group.

SOUTH AFRICANS

Table of share prices for South African companies, including titles like South African Group, South African Group, and South African Group.

TEXTILES

Table of share prices for Textiles companies, including titles like Textiles Group, Textiles Group, and Textiles Group.

TOBACCOS

Table of share prices for Tobacco companies, including titles like Tobacco Group, Tobacco Group, and Tobacco Group.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land companies, including titles like Trusts Group, Finance Group, and Land Group.

Investment Trusts

Table of share prices for Investment Trusts companies, including titles like Investment Group, Investment Group, and Investment Group.

Finance, Land, etc

Table of share prices for Finance, Land, and other companies, including titles like Finance Group, Land Group, and Finance Group.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies, including titles like Overseas Group, Overseas Group, and Overseas Group.

PLANTATIONS

Table of share prices for Plantations companies, including titles like Plantations Group, Plantations Group, and Plantations Group.

MINES

Table of share prices for Mines companies, including titles like Mines Group, Mines Group, and Mines Group.

Far West Rand

Table of share prices for Far West Rand companies, including titles like Far West Group, Far West Group, and Far West Group.

O.F.S.

Table of share prices for O.F.S. companies, including titles like O.F.S. Group, O.F.S. Group, and O.F.S. Group.

Diamond and Platinum

Table of share prices for Diamond and Platinum companies, including titles like Diamond Group, Platinum Group, and Diamond Group.

Central African

Table of share prices for Central African companies, including titles like Central Group, Central Group, and Central Group.

Finance

Table of share prices for Finance companies, including titles like Finance Group, Finance Group, and Finance Group.

Australians

Table of share prices for Australian companies, including titles like Australian Group, Australian Group, and Australian Group.

THIRD MARKET

Table of share prices for Third Market companies, including titles like Third Market Group, Third Market Group, and Third Market Group.

NOTES

Stock Exchange dealing classifications are indicated to the right of the security name. A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish stocks, including titles like Regional Group, Irish Group, and Regional Group.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options, including titles like Traditional Group, Traditional Group, and Traditional Group.

Property

Table of share prices for Property companies, including titles like Property Group, Property Group, and Property Group.

Oils

Table of share prices for Oils companies, including titles like Oils Group, Oils Group, and Oils Group.

Mines

Table of share prices for Mines companies, including titles like Mines Group, Mines Group, and Mines Group.

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FINANCIAL TIMES

Weekend November 12/November 13 1988

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Bundestag Speaker quits in Nazi row

By David Marsh in Bonn

THE West German Government was last night struggling to regain credibility after Mr Philipp Jenninger, president (Speaker) of the Bundestag, the West German parliament, resigned amid uproar at his presenting Nazi propaganda in a speech on Thursday.

His office ranks second to the President's, constitutionally Chancellor Helmut Kohl has the difficulty of juggling advisers to fill the gap.

Mr Alfred Dregger, the senior Christian Democrat politician and conservative leader in the Bundestag, widely expected to take over the Speaker's role, ruled out accepting the post.

Mr Jenninger has long been close to Mr Kohl, serving him as Chancellor's Minister before becoming Speaker four years ago. He was swept away by criticism from all parties over his comments on the 1988 pogroms of the Jews.

The comments laid the Kohl government open to charges that West Germany has not been sincere in denouncing Nazi crimes, in spite of efforts to make amends to the Jews.

Many deputies accused Mr Jenninger, 56, of foolishness and insensitivity in blandly recounting Nazi crimes and slogans against the Jews without adopting appropriate tones of condemnation.

He has not been charged with anti-Semitism or with agreeing with Hitler but he clearly blundered in explaining all too persuasively Hitler's hold on the Germans.

Yesterday morning he said he was shocked by reaction to his speech, in a short, simply worded statement to deputies from the conservative parliamentary grouping.

"It was not understood by many listeners in the way I meant it," he said. He said he had always followed a policy of reconciliation with Israel and had opposed totalitarianism, not least because his own parents suffered under the Nazis.

Later Mr Jenninger said, in a newspaper interview which appeared to confirm his naive approach to the speech, that the address was his own responsibility, written after three weeks of reading and combing archives. "Probably I worked on the theme too long and too intensively," he said.

The speed of his resignation was obviously linked to Mr Kohl's wish to clear the air before visiting the US this weekend.

Mr Edgar Bronfman, president of the World Jewish Congress in New York, said resignation closed an unhappy affair and that general reaction in Germany to the speech showed the "maturity and stability of post-war democracy." Opening old wounds, Page 2

Ridley cuts housing in Berkshire

By John Hunt and Andrew Taylor

THE HIGH LEVEL of house building in rapidly-developing Berkshire has been reduced to 3,000 a year by Mr Nicholas Ridley, Environment Secretary, in a revised structure plan for the county which was announced yesterday. Originally, however, Berkshire County Council had been seeking a bigger cut to 1,500 homes a year compared with the present annual rate of 4,900.

Mr Ridley made it clear in his modifications that he did not want to see large-scale building south of the M4 motorway near Reading. He wanted instead to use the M4 as a barrier to urban sprawl south of Reading.

He has nevertheless angered local people by accepting controversial proposals to build 4,000 homes on farmland sites

north of Bracknell. Last night Mr Ridley allowed an appeal by Berkshire Land, a building consortium, to develop 2,000 houses in that area.

The building industry was relieved that Mr Ridley had not given way to pressure for even lower building levels but was disappointed that more houses would not be allowed.

The Housebuilders' Federation said: "We are concerned that a structure plan should be approved which fails to respond to the strong need for more homes in Berkshire."

Barton Willmore, a firm of private architects and planners representing a consortium of builders including Charles Church, Bryant Ideal Homes, Alfred McAlpine and Rockhold, which plans to build 3,000 homes at Spencers Wood,

south of the M4. This scheme appears to be in jeopardy, as does a proposal by Speyhawk to build a similar number of homes at Great Lea, also south of the M4. Speyhawk's plans are being examined by a public inquiry.

Mr Ridley has taken a cautious approach in giving his verdict on modifications to the structure plan, which has been seen as a test of his willingness to prevent overdevelopment in the south-east.

He is now providing for a total of 43,500 new dwellings up to 1996. That is higher than the 36,500 maximum originally estimated by the county council, but much less than the 58,000 the builders wanted.

Mr Ridley has tried to meet the complaints from MPs, local politicians and environmental-

ists who have campaigned about the scale of new building in Berkshire. He says he wants the rural character of the county improved and protected, adding that new development should be appropriate and sensitive.

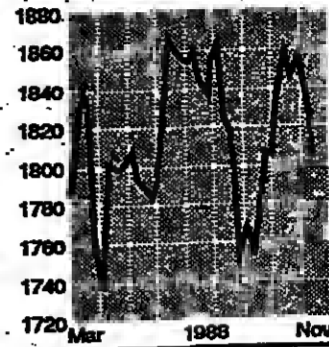
He is also attempting to reduce the number of large-scale developments in the county by allowing building on small sites to be taken into account in the permitted total - a reversal of his previous position. In addition, he expects large-scale developers to make a contribution to local infrastructure.

Mr Bob Clarke, director of highways and planning for Berkshire County Council, said: "We find more good things in them than bad."

Downhill with the dollar

FT Index fell 17.6 to 1,461.2

FT-SE 100 Index



Britoil, loopholes in Government rules can be exploited with impunity, but the club rules of the market, it appears, still retain their force.

Market makers

The battle among the market makers has been going on for more than two months without a single casualty, and so this week's move by Smith New Court to increase the size of its lots to 500,000 shares was presumably designed to speed things along a little. It appears to be working: the sight of poor old Springour following suit yesterday was interpreted by rival market makers as Citicorp's last big throw of the dice before packing up its equities operation altogether.

While that may be wishful thinking, the market is now even more polarised than before, with the largest volumes a hundred times as great as those offered by BZW and Phillips and Drew. Even if the extra pressure does not sort things out, it makes the disparity in the market all the more public, which in turn may tempt the Stock Exchange to get off the fence.

disputing that the deal has yet to be said for it in operational terms. But the essence of the minority unease is a fairly simple point of principle: that control of a company is worth something on top of the value of the business itself, and that Lloyds is proposing to ignore this.

Given the life insurance industry's quite justifiable sense of vulnerability at the moment, it would be surprising if this were the last time the institutions had to put a price on control. But they could be wrong to assume that what Lloyds will not give them, somebody else will give them. Abbey is no doubt an attractive morsel, but those who can come up with a cool £1bn to swallow it are not numerous.

Art

Mr Bush may feel distant from the symbolism of Jasper Johns' "White Flags" or his "False Start", but wealthy investors think otherwise. Indeed, some regard the prospect of Bush at the economic controls with such hilarity that Johns' pop art jokes are serious business by comparison.

The inclination towards real assets may an understandable response to Bush's huddle of economic problems, but it is hard to believe that the proud owner of False Start has spent his \$17.05m wisely. Those who believe that this is the end of the cycle would surely be better off in good, old-fashioned gold, or better still, in cash, which at least will earn its keep.

To outsiders, the record prices fetched at Sotheby's and Christie's in New York this week look like ravings at the top of a long, straggling hill. Over the last five years, the prices of the best Impressionist and contemporary works of art have risen by 50 per cent annually, an even better performance than the equally unfathomable Japanese stock market. Now any old sketchily-painted landscape in vaguely Impressionist style can expect to fetch staggering prices - suggesting some investors are not just shortsighted, but optimistic as well.

Court tells Liverpool to cease boycott of job training scheme

By Philip Bassett, Labour Editor

THE Government yesterday won a significant victory over left-led opposition to its £1.5bn programme for the long-term unemployed when the High Court outlawed an attempt by Liverpool City Council to boycott the Employment Training scheme.

The decision will increase the likelihood of public sector co-operation with the scheme, which severe Labour-led local authorities have threatened to boycott in the wake of the TUC's decision to oppose it last September.

Lord Justice Lloyd, sitting with Lord Justice Stuart-Smith and Mr Justice Nolan in London, said Liverpool's refusal to fund voluntary groups which implemented the scheme was an attempt "to punish or coerce organisations who would not toe the line."

The court accepted the Government's argument that this

was an abuse by the Labour controlled council of its power. It quashed the council's boycott decision and ordered it to pay the costs of the two-day hearing.

Lord Justice Lloyd said that Mr Norman Fowler, the Employment Secretary, could not prevent the council from opposing the scheme.

However, the minister's complaint was against the illegal way in which Liverpool had chosen to put its opposition into effect.

During the hearing the council claimed the boycott decision was not a "knee jerk reaction to a Tory Government" but had been taken for genuine reasons. The scheme failed to provide high quality training or to target the training needs of the city.

Mr Keva Coombs, Liverpool City council leader, rejected the propriety of the Govern-

ment issuing a legal challenge on the matter to any democratically-elected local authorities.

However, he said: "We will comply with the court order and withdraw funding because organisations operate the Government scheme, but we will consider appealing the ruling." The council would reconsider funding the organisations it had rejected.

Mr Fowler said the High Court had found the council to be acting unlawfully and added: "I very much welcome the High Court's decision. This is very good news for unemployed people in Liverpool."

"I hope that Liverpool City Council will now abandon their efforts to prevent voluntary organisations and employers in Liverpool from taking part in Employment Training and giving unemployed people the training they need to get back to work."

Harp buys brewer once run by Clowes

By Clay Harris

HARP LAGER, a subsidiary of the Guinness brewing group, yesterday took control of Buckley's Brewery, the small South Wales company formerly run by the head of the failed Barlow Clowes investment empire.

Harp paid £13.2m for the 53 per cent stake in Buckley's held by Singer & Friedlander, the merchant bank, and made an offer for the remaining shares. The 156p a share bid values Buckley's at £26m.

The stake was originally owned by Brodwin, the private company with which Mr Peter Clowes, former head of Barlow Clowes and Mr Guy Cramer, a business associate, took control of Buckley's only weeks before the October 1987 stock markets crash.

Singer reclaimed the shares, which had been held as security against a loan, in June. But the stake up for auction. The bank said Harp's offer was the highest and the only unconditional one.

The disposal will create a "substantial" but unspecified surplus over Singer's loan, to Brodwin. Singer said this would be held on deposit, pending claims by liquidators of Barlow Clowes.

The takeover seems likely to bring to an end the colourful 22-year independence of Buckley's, the oldest brewer in Wales. Long before Mr Clowes and Mr Cramer came on the scene, the Llanelli-based brewer had been owned by a succession of predators.

Harp is to step up the sale of its brands at the expense of Heineken, the main lager now sold in the pubs. Buckley's does not brew lager.

Heineken is brewed under licence by Whitbread, another UK drinks group which owns just over 10 per cent of Buckley's shares. Whitbread will consider its position next week.

When Brodwin made its bid in 1987, Whitbread and its associated investment company committed just enough shares to ensure its success. The decision to keep a stake was interpreted as a move to protect Heineken's position.

Mr Stephen Wingfield Digby, Harp managing director, said the acquisition was intended to increase Harp's market share in South Wales from 3 per cent to 10 per cent, compared with its 4 to 5 per cent share of the total UK lager market.

Yesterday's deal also has a defensive aspect for Harp, which stood to its largest customers, Scottish & Newcastle Breweries, if Elders IXI - the Foster's lager group - succeeded with a £1.6bn takeover bid. That offer was referred to the Monopolies and Mergers Commission on Thursday.

Buckley's shares closed 5p higher at 155p.

Investors in court, Page 6

Barclay twins in shipping deal

By Kevin Brown, Transport Correspondent

THE BARCLAY twins, the British hotel owners, brewers and financiers, have made an agreed \$670m (£268m) bid for Gotaas-Larsen, the Bermuda-based bulk shipping group.

The deal takes the pair back into shipping almost exactly three years after they sold Ellerman Lines, one of the UK's best-known shipping companies, to its management.

It will make them one of the biggest UK shipowners after Peninsular and Oriental Steam Navigation (P&O) and Cunard, part of the Trafalgar House group.

Mr David Barclay said he and his brother Frederick intended to retain the management of Gotaas-Larsen and would continue to operate the group's 21 ships.

"We like the look of the company. It has a very strong management, and it has good modern ships which are fully employed, and strong cash

flow."

"We believe there are a lot of good opportunities in the shipping market, and we are very confident about the prospects for world trade and demand for oil," he said.

The Barclays controlled Ellerman for two years, during which the company returned to profits after heavy losses in the early 1980s. Ellerman was later sold by its management to Cunard.

The Barclays are acquiring Gotaas-Larsen through G.L. Acquisition Corporation, a shell company set up for the purpose. Mr John Seabrook, chairman of Gotaas-Larsen, said the board had unanimously recommended the offer, which works out at 48c cash per share.

The shares were trading at about \$35 at the beginning of last month but they began to move up following disposal of the company's cruise shipping

interests for \$275m on October 7.

They have been priced at about \$48 since October 14, when the company said it had received a bid approach. The shares dropped \$1 to \$47 in afternoon trading yesterday.

Gotaas-Larsen reported record net profits of \$13.5m for the third quarter, compared with \$11m in the comparable period of last year. Net profits for the first nine months are up from \$27m to \$46m on turnover which has increased from \$180m to \$199m.

The Barclays own several UK hotels, including the Howard in London, and two regional breweries, Tollmache and Cobbold and J.W. Cameron. They also hold 34 per cent of Gulf Resources and Chemical Corporation, a US company through which they launched an abortive \$750m bid two years ago for Imperial Continental Gas Association.

CHIEF PRICE CHANGES YESTERDAY

| FRANKFURT (Dm) | | Prime Computer .. | |
|----------------|--------|-------------------|------|
| Riese | 469 | + 5.5 | 18 |
| Henkel | 269 | + 4.7 | 84 |
| Basf | 462 | + 4.8 | 116 |
| Conti Gummi | 257.5 | + 4 | 41 |
| Hoechst | 386.5 | + 4 | 118 |
| Kauffol | 380 | + 5 | 116 |
| Lufthansa | 143 | + 4.5 | 2540 |
| Volkswagen | 302 | + 5.9 | 301 |
| NEW YORK (\$) | | Kyo Bank | |
| Allegany L. | 35 1/2 | + 1 1/2 | 950 |
| MCA | 48 | + 3 | 100 |

New York prices at 12.30, Paris Closed.

| LONDON (Pence) | | De La Rue | |
|----------------|-----|------------|---------|
| Riese | 142 | + 17 | 490 |
| Audio Fidelity | 155 | + 15 | 620 |
| Bualey's Brew. | 288 | + 15 | 95 |
| Calip Gp. | 174 | + 5 1/2 | 510 1/2 |
| Moscowlight | 149 | + 2 | 688 |
| PWS Higgs | 372 | + 27 | 218 1/2 |
| Tyne Tees | 372 | + 27 | 218 1/2 |
| FRANKFURT (Dm) | | Lloyds Bk. | |
| BCC Gp. | 415 | + 5 | 322 |
| Bass | 603 | + 17 | 498 |
| Brit. Aero | 472 | + 12 | 498 |
| Brown (N) | 172 | + 5 | 182 1/2 |
| Charter Corp. | 471 | + 13 | 227 |

WORLDWIDE WEATHER

| City | Temp | Wind | Cloud | City | Temp | Wind | Cloud |
|--------------|------|------|-------|-----------|------|------|-------|
| Algeria | 15 | 10 | 10 | London | 12 | 10 | 10 |
| Amsterdam | 10 | 10 | 10 | Madrid | 15 | 10 | 10 |
| Antwerp | 10 | 10 | 10 | Moscow | 5 | 10 | 10 |
| Berlin | 10 | 10 | 10 | New York | 50 | 10 | 10 |
| Bombay | 28 | 10 | 10 | Paris | 12 | 10 | 10 |
| Buenos Aires | 15 | 10 | 10 | Rome | 15 | 10 | 10 |
| Calcutta | 28 | 10 | 10 | Stockholm | 5 | 10 | 10 |
| Canton | 25 | 10 | 10 | Tokyo | 15 | 10 | 10 |
| Chicago | 45 | 10 | 10 | Zurich | 10 | 10 | 10 |

Dollar

Continued from Page 1

years to maintain progress in cutting the US trade deficit.

Analysts in London suggested the US currency could have been subject to heavier selling pressure yesterday but for fear of more central bank intervention in the future.

The Bank of Japan intervened to support the dollar in Tokyo and Singapore before buying yen and dollars in London yesterday morning through the Bank of England.

The Bank of England was in the market, supporting the dollar by selling small amounts of D-Marks. In its first such action for many months, the Bundesbank bought \$50m at DM1.7385 at the midday fixing in Frankfurt.

However, this intervention seemed to lack conviction for many market participants. Assessing the resolve of the central banks to stem the dollar's fall was made more difficult by the apparent absence of the Federal Reserve.

Currency markets are becoming increasingly nervous about the release next Wednesday of US trade figures for September. Forecasts range between a deficit of \$10bn and \$11.1bn, compared with the \$12.2bn shortfall in August.

Art record

Continued from Page 1

well have sold almost \$60m worth of art in a week.

The major Impressionist auctions start in New York this weekend and on Monday Christie's will offer 29 paintings from the Goetz collection, which, with works by Picasso, Degas, Cézanne and Monet, among others, was estimated to bring in more than \$50m. That figure must have been revised radically upwards.

The highest price in the three weeks should be paid at Christie's in London on November 28 when one of Picasso's most attractive pictures from his early "rose" period comes under the hammer. Acrobate et Femme Assise was expected to make \$10m but that was before this week's sudden rush of blood to the head.

Young

Continued from Page 1

would stop.

Elders' action has clearly angered the DTI, which investigated whether it could unscramble the deals made on Thursday. Merchant bankers said yesterday that such a "windy" operation had always been known, but companies normally did not consider such action.

S&N yesterday continued to make calls for an unscrambling of the share purchases made by Elders, the Foster's lager brewer.

An order taken out on Thursday afternoon by the Government prevented Elders from buying any more shares and limiting its voting rights to 15 per cent of the S&N capital. S&N shares closed at 385p yesterday, down 4p.

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| Country | Index | Rank |
|---------|-------------------------------------|----------|
| UK | Special Situations (17.12.79) | 1st (69) |
| US | American (17.12.79) | 2nd (26) |
| EUROPE | European (04.1.85) | 1st (56) |
| JAPAN | Japan (12.10.81) | 1st (22) |
| | Japan Special Situations (14.04.84) | 2nd (31) |

Source: Municipal office offers. Figures to 10.11.88. Note: Past performance is not necessarily a guide to future returns. Moreover the value of units in a trust may fluctuate and is not guaranteed.

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Weekend FT

SECTION II

Weekend November 12/November 13, 1988

Mystery men of the City

London's livery companies date back to medieval times. But who and what are they? David Lascelles investigates

THE CITY of London will be decked in all its finery today for the annual show in honour of its new Lord Mayor, Sir Christopher Collett. Sir Christopher is a glove-maker. Actually, he is not a glove-maker at all. He is a partner at Arthur Young, a firm of accountants. But, like all lord mayors, he has to belong to a City trade or craft company to qualify for this high office. In his case, he is a liveryman and past master of the Worshipful Company of Glovers, one of the City's 98 livery companies.

As companies go, the Glovers hold a middle rank in the 700-year-old livery hierarchy. They were founded more than 300 years ago, which sounds a long time. But it puts them only number 62 in the pecking order, well below the Great Twelve companies which hold pride of place. For good measure, Sir Christopher is also a member of the Worshipful Company of Chartered Accountants which is a mere 11 years old (rank number 86) although, unlike some older companies, it can count many genuine practitioners among its members.

The Lord Mayor's show is a good moment to take a closer look at the City livery. To those who belong to them, these companies are not just relics of the old guilds which once dominated City life. They are a matter of great seriousness, a historical tradition, a fraternity, a path to influence and accomplishment, a way to do good. And there is no shortage of demand for livery status. The word itself refers to the special clothing worn by liverymen to denote their privileged status within the City. It is extremely difficult to become a member of a company without the right family or business connections (the Colletts have been glovers for several generations). New professions are trying to form their own companies all the time, so much so that the Guildhall has put out a special guide on how to do it (it takes 14 years, £10,000 in the bank, and much else designed to weed out the un-serious).

"The fact that people still want to form livery companies shows it has a lot going for it," says Terry Morris, clerk of the Chamberlain's Court in the Guildhall which oversees the companies, and maintains a handwritten record of them in a battered red book. The Guildhall's guide states: "The principle of Livery Companies as a representative element of professions and business interests in the City was the basis of the origin of the Livery Companies and is equally valid today."

To those outside the livery, though, the companies are a mystery in the best medieval sense, with an image extending from



Masters, Prime Wardens, Upper Bailiff and liverymen of City companies assemble to elect the new lord mayor

rich. Their precise wealth is a carefully guarded secret but their investments run into hundreds of millions of pounds, much of it in prime City properties which have been in their possession for centuries. Spilling property prices have not merely made the wealthy companies even wealthier, but have pushed them deep into the property development business. Livery companies are involved in at least two dozen major development projects within the City boundaries, with many more elsewhere around the country.

Because of this, the reality of a company now is not six-course candle-lit dinners but computerised accounts, multi-million pound deals, tax problems and even worries about the European Community. "Our approach attempts to be commercial," says Michael Wakeford, the clerk of the Mercers Company, the number one company in rank and one of the wealthiest. "The company traditionally saw itself as a landlord. Now, we get stuck into our own development."

The companies' role as land-owners gives them considerable clout in the City, where they put in a collective case for the development plan. "The influence on the shaping of the future City by the livery companies, especially the senior liveries like the Mercers, Ironmongers, Fishmongers and Merchant Taylors, may be low profile but it is not to be underestimated," says Malcolm Trice of Richard Saunders, the City chartered surveyor. He describes surveyorships to livery companies as "reversed appointments."

Not all of the companies are wealthy, of course. Until recently, the Ironmongers (to

which the outgoing Lord Mayor, Sir Greville Spratt, belongs) were on their beam ends as a result of a misjudged decision to sell most of their properties after the Second World War. Fortunately, the company held on to a share of a site in Fleet Street which it had owned since 1728, when that was sold last year, the Ironmongers were suddenly £7m the richer. They also redeveloped a City property and were able to boost its rental income tenfold. The company uses its money to run almshouses and old people's homes and encourage innovation in the iron industry. Many of the companies which own good halls in the City (nearly 40 of them) also supplement their incomes by renting them to help meet their sizeable rates bills (the good ones cost £1,000 an evening).

The companies are careful to distinguish between their own corporate wealth and that of the charitable trusts which they administer. Usually, most of the money is in the latter because, as one official puts it: "We have no overt money unless we give it away." The Mercers charities, for example, are very large and support traditional works like health care. The company also has a multi-million pound capital programme which includes building two housing schemes for the elderly, while money is being channelled to such newer destinations as the sponsorship of a City technology college and the £40,000 endowment of a diagnostic radiology chair at St Bartholomew's Hospital.

A company which, corporately, is endowed relatively modestly but has enormous charitable works is the Haberdashers, which supports the country's eight Haberdasher schools. The company has only four officers, but it employs five firms of surveyors and two financial advisers to help it look after its property and financial interests. For years, centuries even, the Haberdashers' charities lived off their endowments. But, at the beginning of the 1980s, the realities of life forced a change of policy towards a much more commercial approach.

"We now try to maintain the true value of our capital," says Captain Michael Barrow, the clerk (many clerks are former military men). He declines to disclose what that is, but he says the company has embarked on a sweeping restructuring of its property investments by selling hundreds of Victorian houses it owns around London and ploughing the proceeds into much more promising commercial property. The Haberdashers also finds themselves in the thick of a most un-livery-like problem: value-added tax. The taxman says the company must charge VAT on services (mainly administrative) which it supplies to its own 100-or-so charities, but the company maintains it should not. Obscure though it is, the dispute has a bearing on the livery as a whole and is being observed anxiously by other members.

The demise of ancient trades and crafts has left many companies without an obvious role in life, which is why the philanthropic and ceremonial side has become so prominent. But sections of the livery,

particularly the companies linked to the equestrian and building trades, preserve their commercial connections and devote a good part of their resources to them.

The Carpenters, for example, run a craft school off Oxford Street which perpetuates wood- and stone-working. But some companies also have specific statutory responsibilities, like the Stationers and Vintners. The London Assay office has been, respectively, the publishing and wine trades. Perhaps the best known of this group are the Goldsmiths, who have one of the country's finest collections of precious items in their hall in the City and help to promote the crafts. But their main task is to run the London Assay Office, the highest of the four offices which hallmark objects made of gold and silver in the UK.

Contrary to its rather high-falutin' image, hallmarking is an intensely competitive business and one which is causing the Goldsmiths considerable aggravation. The London Assay office has been, respectively, the publishing and wine trades. Perhaps the best known of this group are the Goldsmiths, who have one of the country's finest collections of precious items in their hall in the City and help to promote the crafts. But their main task is to run the London Assay Office, the highest of the four offices which hallmark objects made of gold and silver in the UK.

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Another worry the Goldsmiths have is that European Community harmonisation will undermine the assay business. The UK has the most sophisticated assay system in the EC (probably too elaborate - some countries like Germany do not even bother with it) but it might not be able to enforce hallmarking once the EC's single market is created in 1992. After that date, any gold and silver goods made in the EC could technically be saleable in the UK without a hallmark. The issue has yet to be addressed fully in Brussels.

In some ways, it is rather reassuring to learn that the livery has to grapple with mundane problems like ordinary mortals. But this only reinforces the view of the Guildhall that critics of the livery are driven by "lack of knowledge or envy." Next year sees the 800th anniversary of the lord mayorality, an occasion that will be used to promote the livery with a special exhibition and possibly some films and videos. But some people also see it as an opportunity for a hit of self-examination.

It is not surprising, perhaps, that the livery attracts unfriendly comment: its opulence and pageantry are only too plain to see - and will be further reinforced by today's show - while the philanthropy is less eye-catching. The air of self-importance worn by many livery members also tends to block out the selfless aims of much of their work. But the philanthropic side to the livery has, if anything, acquired a greater relevance in Thatcherite Britain with all the allegations of rampant, uncaring materialism. Most livery company members have been great beneficiaries of the present Government's policies and, as one member said: "It's a way to give some of it back."

One of the more articulate spokesmen for the livery is Captain Barrow of the Haberdashers. Asked to explain its role and relevance in the latter part of the 20th century, he replied: "It's a meeting place for people from very diverse professions and backgrounds where standards of excellence can be maintained. I know that sounds a bit pompous. But the livery is a tough environment. It collects together people who have reached a stage in life where they can help others - people who can put in a bit of time. And if you have the right balance, the example of excellence rubs off from the older on to the younger."

The Long View

Gilt-edged and the slippery slope

GILT-EDGED, at any rate the long-dated kind, are in danger of becoming like gold dust. As the UK moves into a period of substantial fiscal surplus the implications for the capital market are far-reaching.

The most obvious sign of stress is the sharp downward slope of the yield curve. Remember that the elementary investment textbooks state that the curve should slope upwards with lengthening maturities, because investors require a higher return to compensate for the extra volatility of prices of longer-dated stocks. But today the yields fall from nearly 12 per cent at the very short end to 10 1/4 per cent on five-year stocks and to little more than 9 per cent at the longest dates.

The simplest explanation is that the market expects interest rates to fall to a more normal level in the short to medium term. But I bring you a warning: Charles Goodhart has pronounced a new law.

Goodhart's First Law, developed while he was at the Bank of England, related to monetary targeting: any measure of money would cease to be reliable once the Government sought to control its growth.

From the current base at the London School of Economics Prof Goodhart has now formulated a Second Law: any change in short-term interest rates is almost equally likely to

be a continuation of the previous move as a reversal.

When short-term rates are high investors expect them to fall - hence the downward slope of the yield curve. But historically in such circumstances, he says, it has been right to invest short, and collect higher returns, rather than to buy long gilts in anticipation of capital gains.

What may have been true in the past, however, could be misleading if there is a radical change in circumstances. After all, gilts have dried up, after a period of nearly twenty years in which the Government has been a relentless issuer of bonds. With a borrowing requirement which hit a peak of 11 per cent of GDP in 1975 (the present surplus is equivalent to about 2 1/2 per cent of GDP) it began to overwhelm the investment institutions with paper. In 1979 purchases of gilts by the non-bank private sector reached £8.5bn, or a little over £16m in terms of 1988 money.

During the late 1970s the life assurance companies invested around two-thirds of their net cash inflows to gilt-edged, pension funds 35-40 per cent. So gutted was the market by the time the Conservatives assumed power in 1979 that conventional (i.e. non-indexed) gilt-edged market has now gone to an extreme. The Government is buying back stock from the institutions. Already last year the pension funds



Strange things are happening in the gilt-edged market where the Government's fiscal surplus raises wholly unfamiliar questions

floating privatised equity. But the shift of emphasis away from the long end of the conventional (i.e. non-indexed) gilt-edged market has now gone to an extreme. The Government is buying back stock from the institutions. Already last year the pension funds

were net sellers of £2bn of gilts, and although the insurance companies bought £1.1bn worth, most of these were index-linked. As for the current picture, Greenwell Montagu estimates that the authorities will need to buy in gilts at nearly 51bn a month for the rest of the financial year. James Capel suggests that £20bn of gilts, 20 per cent of the outstanding gilt debt, could be repurchased by April 1990.

In these circumstances the recent fall in long bond yields at a time when inflation has been rising does not necessarily mean that investors have become complacent about inflation. The point is that long yields no longer reflect the basis on which institutions will buy from the Government: it is the other way around, they reflect the level at which the Government is ready to buy from the institutions.

As the market shrinks - there are now only some £5bn of 20-year or longer conventional gilts - the normal comparisons of value between gilts and equities are becoming distorted. The message of the yield gap and the yield ratio can no longer be trustworthy when such fundamental structural changes are taking place. At the same time, real yields - adjusted for inflation - are dropping. This has helped the equity market to weather the recent rises in short-term interest rates, and it is another way

of explaining why bond yields have been so steady in the face of quite sharply worsening inflationary expectations through most of the year.

Such a drop in real yields is scarcely surprising when the supply side of the long-term capital market has shrivelled so markedly. The pension funds and the life companies between them have £20bn of cash inflow in a year. With gilts being bought back at an accelerating pace, and equity issues relatively quiet this year, it is hard to see where the money will go. Liquidity is piling up, and you might say that Goodhart's Second Law is being taken notice of after all.

These are unfamiliar problems for a modern economy. But the Government needs to think through the implications of its fiscal surplus very carefully. Essentially it is driving down the real interest rate at a time when private sector savings are inadequate, and it is encouraging the build-up of liquidity.

I shall discuss solutions another week. But clearly it is necessary that private sector funding must be reshaped to fit in with the public sector's transformation. In the past the Government has more or less monopolised the long-term fixed interest capital market while crowding the personal and corporate sectors into the banks and building societies. This game is over.

A GOLDEN INVESTMENT

Few investments have such universal appeal as gold, and for a very good reason. It has produced spectacular gains over the years, not least in the last great period of rampant inflation in the 1970s.

Inflation is once again rising all over the world, and the more it rises the more people will look towards gold and gold related investments as their hedge.

If you want to be ahead of the crowd in the next rush for golden inflation hedges, the November issue of Money Observer is essential reading. It includes an in-depth examination of the best gold and gold related investments on the market.

This 108-page issue also tells you which pension funds have been the best performers over the last decade, reveals how you can get an income for life and has a nationwide survey on house prices.

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This issue also marks a milestone for Money Observer in that it is its 100th issue, and no other monthly investment magazine has attained such success in the UK.

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THE MONTHLY MAGAZINE FOR DISCERNING INVESTORS

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MARKETS

LONDON

Footsie falls foul of Bush's burning issues

LONDON, like other world equity markets, this week got the men it wanted in the White House for the next four years. Or perhaps, like many American voters, it was more important that it didn't get the man it didn't want.

Only this could explain the seemingly contradictory anticipation and response to the US presidential contest. The FT-SE 100's fall of nearly 15 points on Monday was attributed to weekend reports of a late surge by Michael Dukakis; a 21-point rebound on Tuesday followed signals that George Bush had stanchied any further erosion in the polls.

But after the Republican actually won, by a conclusive margin, the market turned down again - in sympathy with the weaker dollar, which fell six pence and three pence over the week and ended five cents lower against sterling.

The pound itself was scarcely strong, although the dollar's woes helped the trade-weighted index to make a small advance. By Friday afternoon, the FT-SE 100 had fallen by more than 23 points from its pre-election close and was heading towards 1,800 as Wall Street opened sharply weaker.

The anti-climax was hardly more surprising than the Bush victory. Nevertheless, it was hard to comprehend why the realisation appeared to have dawned only on Wednesday morning that the combination of a Republican president-elect firmly committed against new taxes with a defiant Democratic Congress not known for a propensity to cut spending did not bode well for prospects of reducing the budget deficit.

In London, for once, concerns about the UK economy were on the sidelines, at least so far as the market was concerned, although Nigel Lawson, the Chancellor, was not without political problems over his musings about the future of pension policy.

One man who acted, rather than mused, was John Elliott of Elders IX, the diversified Australian hedge group. Within minutes of the announcement on Thursday morning that Lord Young, Trade and Industry Secretary, had referred Elders' £1.6bn bid for Scottish & Newcastle Breweries to the Monopolies and Mergers Commission, the Australian group swooped in the market to raise its stake in the target group from 14.1 per cent to 23.6 per cent.

The Department of Trade and Industry condemned the raid as being against the spirit, if not the letter, of rules pertaining during a Monopolies inquiry. However, Elders firmly maintained that the shares were bought before it received the standard request for undertakings not to do so.

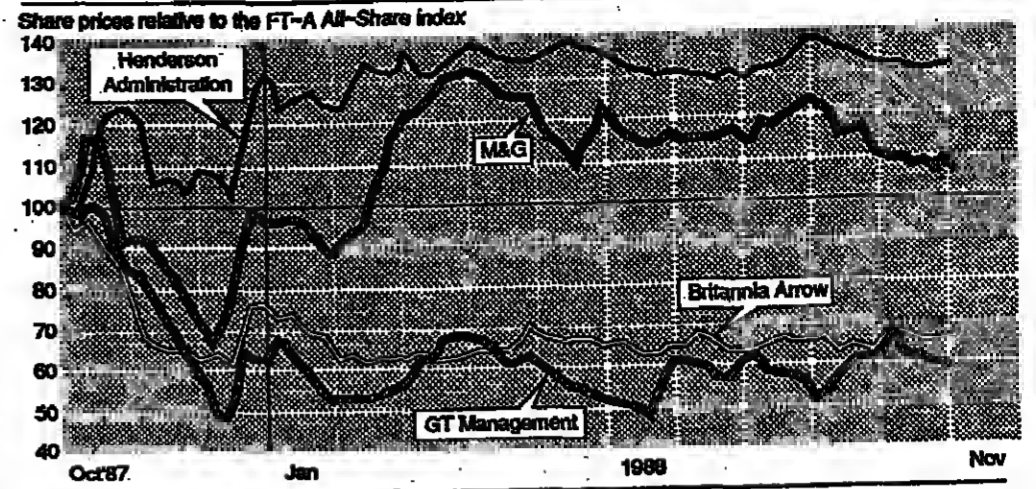
After the horse bolted, the Government issued an order preventing Elders from buying more shares and limiting its voting rights to 15 per cent. As protagonists continued to argue on Friday about when telephone calls were made or answered, it was certain only that Elliott had demonstrated a film and television producer, to management for \$5m and confirmed that it was entertaining bids for its 14.9 per cent stake in TV-am.

The only large bid to get off the ground was Thomson's £1.5bn long-awaited offer for Suter, another industrial building company. Although Suter is three times larger than the bidder, it has fallen on hard times as a DTI investigation into share dealings effectively froze David Abell's ability to make acquisitions, which were the secret of his success.

Abell, with other Suter directors, is supporting the takeover, but he will not join the merged group. The market, signalled grave reservations about the deal. The first-day fall in Thomson's shares, an advance fuelled by surging demand for Retrovir, its AIDS drug, and Zovirax, a herpes treatment.

British Petroleum and the Royal Dutch/Shell group reported increases at the nine-

Investment management groups



FINANCE & THE FAMILY: THIS WEEK

A friendly helping hand for pensions

The Government's initiatives to encourage personal pensions have so far yielded disappointing results. But, as Clive Wolman reports, self-arranged pensions make sense, especially if you set up your own Friendly Society. Page III

When flocks rush in...

The Barlow Cloves saga highlighted the need for honest financial advice from advisers and intermediaries. John Edwards reviews a book on famous frauds and fiddles which also has a fair share of practical use for present would-be investors. Page VII



Airline sector recovers

British Airways and BAA head the Results Due as company directors file progress reports ahead of the festive season. Results Due, Summaries, Page IV

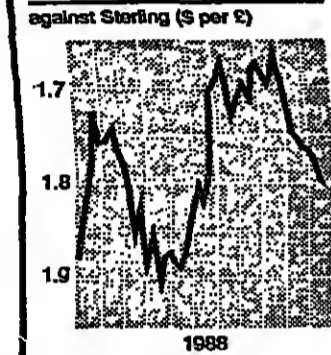
Higher charges queried

Is that increase in your unit trust charges really necessary, asks Christine Stopp? Or is the management group just bumping up its revenue? Page VI

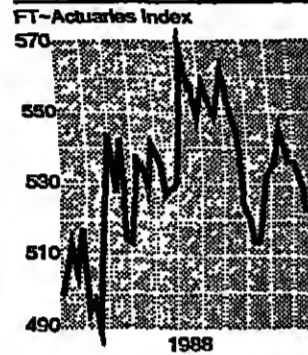
■ EXPATRIATES: Avoid a share swindle! Page V

■ BRIEFCASE: Your questions answered! Page VII

Dollar



Insurance composite



US dollar in the doldrums

The twin US deficits on trade and the budget are weighing heavily on the dollar. Starting rose above \$1.80 on Friday, for the first time since mid-June. Fear of central bank intervention, and a probable preference in the financial markets for George Bush as President, prevented pressure building up ahead of last Tuesday's US election. However, a substantial depreciation of the dollar is now seen as inevitable. Martin Feldstein, former chairman of the White House economic advisers, says that the dollar must fall at least 20 per cent in the next three years if the US is to balance its trade account by the middle of the next decade. Colin Milham

Composite insurance blow

The composite insurance sector came under fire in midweek after California's voters narrowly approved Proposition 103, a measure introduced by consumer rights campaigner Ralph Nader. Proposition 103 calls for immediate 20 per cent cuts in premiums for car, motor, homeowners and business insurance in the state. Bat Industries, which is paying \$2.2bn for Farmers Group, the US insurance company with a major presence in California, was badly affected by the news. Royal Insurance, the most exposed of the UK composites to the move, has temporarily ceased writing new business in California while awaiting the outcome of a legal challenge to Proposition 103. Commercial Union announced slightly disappointing third quarter figures but those from General Accident were above expectations. Sun Alliance was boosted by news that America's Chubb Corporation increased its stake to 7.03 per cent. Stephen Thompson

Banks to offer interest accounts

Barclays and National Westminster banks confirmed this week that they plan to follow the lead set by Lloyds Bank and introduce interest-bearing current accounts early next year. Details are yet to be announced, but they will be aimed at competing with the building societies accounts and at the same time offering traditional banking services. Meanwhile Halifax Building Society plans to open selected branch offices on Saturdays from 1pm to 3.30 pm, from December 3. Trained staff will be on hand to provide a sales and counselling service. John Edwards

Greenwell Montagu acquisition

Greenwell Montagu Stockbrokers announced on Thursday that it has bought the private client business of Robert Wigram & Co. from the Stakis hotels group. The purchase is part of the development of Greenwell and Smith Keen Cutler, both members of the Midland Bank group. It will increase their client base by 4,000 to 20,000 and bring total assets under management to £2bn. John Edwards

Fimbra suspends York brokers

Brass Castles Consultants, of York, brokers for life insurance, annuities, and unit trusts, have been suspended from trading by the Financial Intermediaries, Managers and Brokers Association (Fimbra). John Edwards

BRITISH AIRWAYS' interim figures, due on Tuesday, for the six months to the end of September are expected to reflect some post-merger turbulence and, to a lesser extent, the effects of the air traffic controllers' dispute. But the company is expected to offer a smoother ride for the rest of the year and not disappoint the many investors who held on to their shares after privatisation.

BA looks to a smoother ride

Club Europe up by 9 per cent. First class services will be upgraded next summer. Eventually economy class will undergo similar treatment. However, the perennial problems which beset airlines remain. For example, on every plane which is fully booked, only 90 to 85 per cent of seats are usually filled. Airlines need up to date information on seat occupation and must be able to alter the marketing strategy for a particular flight quickly. British Airways has implemented one of the more sophisticated yield management computer systems in the business. By 1990, it should also reap the benefits from the Gallileo booking system, currently being tested by a number of travel agents.

The introduction of more Boeing 767s on European flights from next November and the new 747-400s from 1990 should bring about greater fuel economies as older aircraft are replaced. Chris Tarry at Kleinwort Benson Securities expects the benefits of the BCal merger to

start coming through in the second half, with the winter timetable allowing the first opportunity for integration of routes. Though the reorganisation is complete, it may be some time before critics see the full justification for an expensive purchase tag of £235m.

Marshall says that BA will probably submit a renewed bid for Air New Zealand, which, if successful, would strengthen its South Pacific operations. "I don't think any airline can continue being a truly global airline on its own, but it can be achieved in partnerships, such as the one we have with United Airlines, and possibly Air New Zealand, though the latter involves a minority interest. For the future, European airlines will have to look for combinations to have the financial and marketing clout to compete with the carriers across the Atlantic and the growing airlines in Asia."

Increased competition is not BA's only problem. The cyclical nature and vulnerability of its business to recession,

NOBODY ON Wall Street, except perhaps this column, seems to have been surprised at the stock market's dismal performance in the aftermath of George Bush's election victory. At the most obvious level it has simply been a question of "buy on the rumour, sell on the news."

However, there are several more important financial, economic and political realities underlying the market's churlish behaviour in the last few days.

There are at least three proximate reasons why post-election disenchantment set in with unexpected speed: the sudden collapse of the dollar which began just before polling day; the surge in economic growth and wage inflation suggested by the employment figures published last week; and a sober political analysis of the election outcome itself.

A decline in the dollar after the election was widely predicted, but few expected the US currency to collapse quite so easily and so soon. The plunge in the dollar from 172¢ a week before the election to 152¢ yesterday lunchtime has certainly been the biggest single factor accounting for the stock market's decline.

On its own, however, the dollar's sudden fall should not have been unduly alarming for the stock market. By the last month of the campaign, the summer slump in the dollar had been widely recognised as a speculative aberration. Most of Wall Street took the view that the dollar was going to be artificially supported by the Federal Reserve Board and the Bank of Japan until the election was over. After that it

would be devalued. In itself this prospect might have held no terror for Wall Street, since a lower dollar would re-energise both the growth of corporate profits and the decline in the trade deficit. Both of these trends had stalled since the late summer, largely as a result of the artificial stabilisation of the US currency.

What last Friday's employment numbers did, however, was to remind the markets that further dollar devaluation at this stage of the economic cycle might no longer work as the painless and benign panacea for all the world's eco-

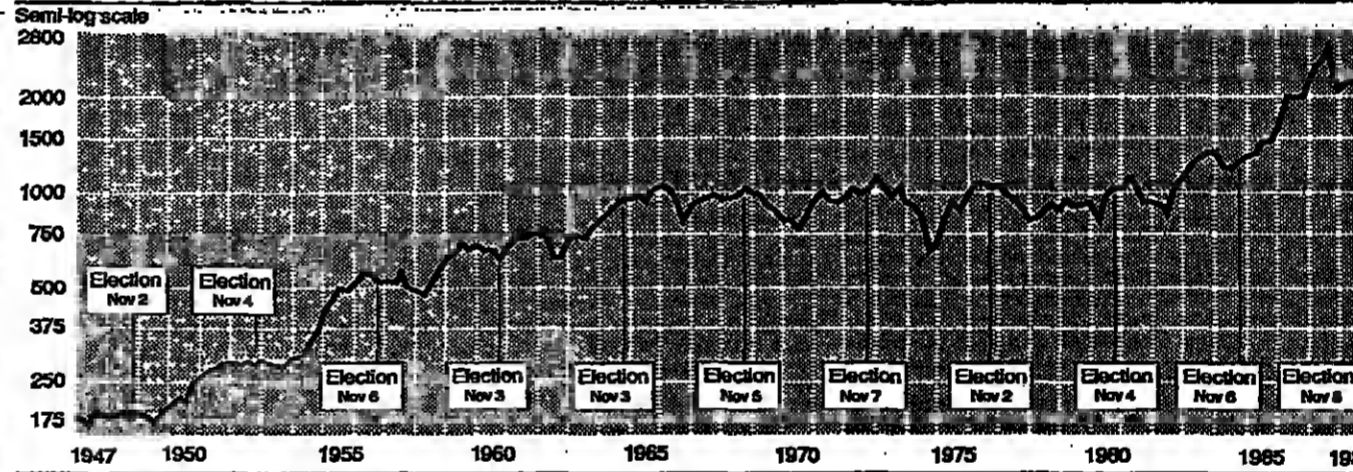
HIGHLIGHTS OF THE WEEK

| | Price | Change | 1988 | 1988 | |
|----------------------|--------|---------|--------|--------|------------------------------------|
| | today | on week | High | Low | |
| FT Ordinary Index | 1461.2 | -24.4 | 1482.0 | 1480.0 | US dollar weakness |
| Brown (B) | 172 | -30 | 300 | 172 | Interim profits shortfall |
| Cable & Wireless | 373 | -24 | 409 | 312 | HK Tel. sale details/weak dollar |
| Gieson (M&J) | 605 | +55 | 605 | 385 | Profits up 64%/prop. revnl. |
| HIV | 294 | +19 | 298 | 210 | Strong TV sector |
| Henderson Admin | 630 | -75 | 805 | 545 | Poor first-half results |
| Lep Group | 151 | +19 | 158 | 126 | Revolutionary blood machine |
| London Shop Prop | 288 | +22 | 299 | 193 | Peel Holdings bid hopes |
| Oxford Instruments | 233 | -26 | 276 | 200 | Interim profits disappoint |
| Perrish | 100 | -75 | 357 | 100 | Losses and dividend omission |
| RHM | 359 | -33½ | 490 | 303 | Goodman Fielder stake sale delayed |
| Scottish & Newcastle | 385½ | -15½ | 408 | 208 | Elders bid referral |
| Thomson T-Line | 59 | -12 | 108 | 58 | Agreed offer for Suter |
| Tranwood | 36 | +9½ | 36 | 15 | Broker's buy recommendation |
| Zygal Dynamics | 117 | -25 | 118 | 68 | Agreed £16m bid from Milys |

WALL STREET

When the honeymoon is over

Dow Jones Industrial Average



conomic ills which it had proved to be since the Plaza Agreement of 1985. These numbers suggested, more strongly than any single set of economic statistics released since 1982, what Allen Sinai of The Boston Company describes as "a developing demand-pull inflationary spiral now showing signs of being fed from the wage side." Of course a single month's numbers should not have been subjected to the ludicrous over-interpretation implied by Sinai's widely-quoted remark that wage inflation was running at an "annual rate" of 8.4 per cent during the month of October.

But even on the most sober view, the recent wage figures and employment statistics seem to confirm that the US economy is now in the full-employment zone in which inflation tends to accelerate slowly but surely.

Even Ed Yardeni of Prudential Bache, long one of Wall Street's most enthusiastically optimistic New Agers, now describes the trend in wages as "a bit disturbing," particularly because the higher pay increases of 5 to 6 per cent annually are concentrated in the service industries where productivity growth is low and foreign competition non-existent.

The growing concern about inflation dovetails alarmingly with the fall of the dollar because an economy which is already operating at full employment can devote additional resources to exports only if it cuts back on domestic demand. Thus a fall in the dollar which was not accompanied by domestic tightening would now prove much more inflationary than it did between 1985 and 1987, when unemployed workers were abundant and the US economy had capacity to spare.

Unfortunately, reflections on this conundrum, particularly being selective, above-average returns can be achieved. In its first issue, BZW recommended three USM companies. Ashstead Group, the Leather-head-based plant hire company, more than trebled pre-tax profits to £3.15m in the year to April 30, 1988, and boosted margins to 24 per cent. BZW says Ashstead's management team is well worth backing and sees the company growing significantly, both in terms of profits and market share.

JUNIOR MARKETS

Happy birthday to the USM

EIGHTH anniversaries can be rather feeble, not having the romance and uncertainty of a first or second nor the satisfied roundness of a 10th. But noted they deserve to be, and this week marked eight years since the balloons went up for launch of the Unlisted Securities Market.

Almost £1.5bn has been raised on the USM since the heady days of November 1980 and the future of the second tier is assured. Analysts in Barclays de Zoete Wedd's smaller companies/USM research team address the issue in the first edition, out this week, of their new monthly publication, *The Smaller Companies Review*. They approach it from two starting points: Black Monday and January this year.

After October 19, both the USM and the FT-A All-Share continued to fall through to the year-end, with the USM losing about 45 per cent of its

pre-crash value compared with about a third for the All-Share. To date, the USM has underperformed by about 17 per cent since October 19 and still stands at 68 per cent of its then level, against the All-Share's 82 per cent.

A different picture emerges using January as the starting date with the USM about 3 per cent ahead of the All-Share. But this, BZW suggests, might be due partially to a correction of the severe fall in prices experienced in November and December - which could have been exaggerated by the relative illiquidity of the shares - and partially the result of what it calls "passive" outperformance.

By this, it is suggesting that the USM has not outperformed actively. Unlike the main market, where trading activity appears to be dominated by takeover activity and general

market nervousness, resulting in volatility, interchanging with lethargy, USM shares tend to be viewed as long-term investments. Also, the high dealing costs are not conducive to short-term market trading.

This can be seen by comparing the figures for total business turnover on both tiers in the first nine months of this year with the same period for 1987. USM turnover fell off by 55 per cent, listed shares by 35 per cent. In general, then, indicated share prices of USM stocks have been marked up regardless of the fact that very little trading has taken place; hence the passive outperformance.

The BZW team does not expect any major shift in sentiment towards smaller companies in the short term, but it does reckon there will be small companies which will continue to outperform and that, by

month stage, as did two leading composite insurers, Commercial Union and General Accident.

The sector perhaps least in favour at present - although stores could contest the dubious distinction - is investment management groups. Two of the purest "plays" - where the travails of fund management are unobscured by insurance or other financial activities - underlined the problem with interim results.

Both GT Management's £2.7m profit and Henderson Administration's £4.3m result were less than a third of the figures achieved in the comparable pre-crash periods, and neither company saw an end in sight. Another of the fraternity, Britannia Arrow, sold a 133m to take full ownership of Invesco, an associate in the US, the area of its business least affected by the chilly post-crash climate.

The shares of these three companies, and of M&G, Britain's largest unit trust group, have diverged since last October to an extent unjustified by their respective performances as managers (see chart). It doesn't take a professional manager to spot which two have been subject to takeover speculation, a suitable summary of the state of the London market since October 1987.

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Bad News all round: Page VI
Clay Harris

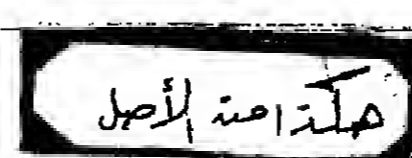
Anatole Kaletsky

Almost £1.5bn has been raised on the USM since the heady days of November 1980 and the future of the second tier is assured.

Cityvision, the video film hire group, announced a six-fold increase in pre-tax profits to £1.56m in the half-year to May 31, 1988. BZW predicts a chain of 200 shops by the end of next year and believes the company is well placed to increase market share and earnings over the next few years.

Finally, Jacques Vert, the women's wear designer/manufacturer, is a quality company with a strong balance sheet and good organic profit growth prospects.

Fiona Thompson



FINANCE & THE FAMILY

SPECIAL dealing arrangements for private investors interested in the coming British Steel privatisation issue are being offered by First Europe Equity & Bond Company, a London stockbroking firm formed last year. The idea is to offer investors the chance to "stage" the issue by being able to sell immediately after dealings start, probably on December 5, and take any short-term profits.

IN THE NEWS
Steel 'stag' offer

You send the application form for the number of British Steel shares you wish to buy, together with a cheque, to First Europe. It buys them through a subsidiary, First Europe Nominees, thus saving you the paperwork involved in making a direct application. The buying order can be accompanied, if you want, by an order to sell any shares that might be allotted at a specified price or "at best" in the market.

If you sell within three weeks after dealings start, you pay a commission rate of 1.4-5.0 on bargains worth up to £1,500 and 1.5 per cent on the next £2,000, 0.75 on the next £5,000, and 0.2 per cent on the rest. After three weeks, the minimum commission rises to 1.5.

Whatever happens, you will

be able to open a Brokerline account (the company's execution-only dealing service) without paying the normal "first bargain" minimum commission of 2.4. However, if you want to transfer the shares to your own name from First Europe Nominees, a charge of £25 will be made.

With good timing just after the presidential election, Morgan Grenfell Unit Trust Managers is launching an indexed trust for the North American markets - one of the worst performers for unit trusts funds in recent years.

Its US Equity Index Tracker trust will attempt to match the performance of the Standard & Poors 500 index by investing in a statistically selected sample of some 850 stocks. The managers claim

the fund will deviate from the index by a range of only plus or minus 0.5 per cent a year.

There is a fixed price of 100p a unit until November 26 and the minimum subscription is £1,000. But a monthly savings scheme also is available.

Murray Johnstone, the Glasgow-based investment house, has launched an investment trust savings scheme. The minimum is £30 a month or you can put in lump sums of £250 upwards.

Investment trust savings schemes are one of the cheapest ways into the stock market. The costs of acquiring shares via the Murray scheme, for example, are brokers' commission of 0.2 per cent; stamp duty and VAT. The cost of selling shares bought via the scheme is also only the 0.2 per cent brokerage charge, plus VAT. Murray Johnstone manages four investment trusts.

Midland Bank is introducing cash cards for high-interest cheque account customers on November 21. The cards will enable them to withdraw up to £500 in cash daily, transfer funds to and from current accounts, and get information about their accounts.

SUPPOSE you are under 45, on a salary of at least £20,000, unlikely to stay with the same employer until you retire and want more control of your pension money, perhaps to help finance an investment like a house purchase. Then why is there at least a 99 per cent probability that you have failed to make any move to opt out of your company's pension scheme since you were granted an automatic right to do so in July?

The Government's initiatives to encourage personal pensions have so far achieved disappointing results, despite a growing exodus out of the State Earnings Related Pension Scheme (Serps), for two main reasons.

One is the difficulty of understanding pension arrangements in all their technical detail and thus making a thorough evaluation of the costs, benefits and risks of opting out. The security and simplicity of company schemes have always been their chief attractions.

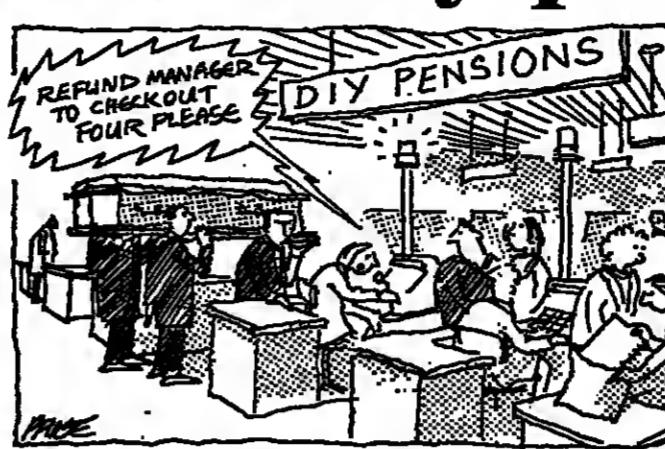
The other is the widespread suspicion of commission-hungry insurance company salesmen, who are almost the only people willing to promote and explain the attractions of opting out of company pension schemes. And that suspicion is not ill-founded.

An analysis by independent consulting actuary Geoffrey Bernstein suggests that an insurance company typically swallows up in its charges nearly £200 of every £1,000 you invest in a personal pension. This penalty is so large as to undermine the financial attractions of opting out of a company scheme, except for single people in their 26 or early 30s who feel almost certain they will move jobs before reaching their mid-60s.

However, a little-noticed clause of the 1987 Finance Act has opened up an alternative, cheap, do-it-yourself route for employees who are reluctant to allow all the benefits from opting out of their company scheme to disappear into the pockets of insurance salesmen and the expenses of their head offices. The DIY scheme, which involves setting up a friendly society with colleagues, represents the purest form of personal pensions. It gives you the right to invest in your own individual portfolio of shares, unit trusts or investment trusts, as well as in Government securities and bank or building society deposits.

You can also use your pension money to give yourself a mortgage on your home, or to replace your existing mortgage, or even to buy yourself a retirement cottage on the

Clive Wolman on opting out of company schemes
Friendly pensions



south coast or the Mediterranean. Individuals running their own business or partnerships can also use their pensions to finance the acquisition of business premises.

More than 200 such societies have been set up over the past 10 years, mainly by professional partnerships of lawyers, accountants and actuaries. Other participants have included a well-known band of rock stars, estate agents, architects, barristers, and a group of vegetable-growers in Essex. Legislation last year relaxed the registration criteria that have to be applied by the Registrar of Friendly Societies.

The only important test now seems to be that there must be some link between the members of the society beyond their common membership.

Thus, any group of at least seven employees from the same company, even if of different status and seniority (a stumbling block in the past), can band together to form such a friendly society. As the members can now include former employees, the society can continue to operate when some, or even all, its members leave to work for other companies.

Within the society, each individual manages his own pot of money and no one has any liabilities if the investments of other members go wrong. If all the members of the society are appointed as trustees, each will normally be able to sign his or her own cheques, forms and contracts when making or switching an investment.

The simplest way of starting up such a society is to hire a firm of consulting actuaries to undertake all the paperwork necessary to set it up, to

arrange the approval of the Registrar and the Inland Revenue, to handle any subsequent negotiations, and advise on the form-filling and drawing-up of accounts at the end of each year.

The two individuals with the most experience of setting up such societies probably are Adrian Waddingham, who runs his own firm of actuaries, and Huw Wynne-Griffith of Mercer Fraser. Other firms which offer a similar service are R. Watson and Sons, Bacon and Woodrow and Geoffrey Bernstein and Co.

Their charges generally are a flat £3,000 (including VAT) for the whole service, including the registration fee. If you want to use them at the end of each year to draw up the society's accounts and reclaim tax on dividends, you will have to pay an annual fee of about £200. However, Waddingham believes it is preferable for one member of the society to serve as a secretary. The paperwork involved should amount to no more than one full day's work a year and the running costs of the society should then amount to only about £120 annually to cover a simple audit fee and a few other small charges.

Suppose you are on a salary of £25,000 and have been with your company for four years. The transfer value that the company is obliged to pay you if you opt out of its scheme then will typically amount to about £15,000. If you set up a society with, say, eight members, each one will have to pay a £375 starting fee. Thus, you will have to pay only about 2.5 per cent of your capital in setting it up.

Thereafter, if you (perhaps with the help of your employer) make pension contributions of, say, 6 per cent a

year of your salary of £25,000 (ie. £1,500), your running charges will be only 1 per cent a year - or 5 per cent if you decide to contract out the paper work. At the same time, the society enjoys all the tax exemptions of other pension plans.

Your freedom to invest your pension pot is subject to one important constraint. You cannot invest more than half the money in shares, unit trusts and property, and these investments have to be listed or, in the case of property, located in the UK or another European Community country. The remaining money has to be invested in (tax-exempt) bank or building society deposits, National Savings, gilt-edged securities, or mortgages on the homes of members.

The advantage of using your friendly society pension to cover all or part of your mortgage, instead of a bank or building society, is that you can offer yourself more flexible arrangements for the timing and structure of your interest payments. And these payments can be much lower, particularly in periods when your cash flow is squeezed.

It does not make sense to pay into your pension pot an unduly low rate of interest on the mortgage that you have granted yourself, but at least you can avoid the spread between borrowing and lending costs and other charges imposed by financial institutions.

THE MOST complicated issue to tackle when opting out of a company pension scheme is the interaction with the State Earnings Related Pension Scheme (Serps). Company scheme members opt out of Serps automatically and, if you are below the age of 45, it makes actuarial and financial sense to stay out of Serps when leaving the company scheme. The consequence of leaving will then be that you have to pay National Insurance contributions at the rate of 9 instead of 7 per cent of your annual earnings in the band (this year) between £2,132 and £15,860.

However, this additional 2 per cent - which, with tax relief, comes to 2.7 per cent - can then be re-directed back into your personal pension plan together with a further sum you will be given, worth 3.8 per cent of your earnings in the same NIC band. This represents the sum that the government would have rebated to your employer if you were staying in the company scheme. Thus, the total additional sum available, if you get more than the upper earnings band of £15,860, is 6.5 per cent of £15,860 - £2,132, ie. £829.

You are not allowed to invest this sum in your DIY friendly society pot unless the society is a very large one, with income from everyone's pension contributions totalling at least £400,000 a year. Instead, the money has to be paid into a traditional approved insurance company personal pension scheme. You would, thus, have to run two pension policies concurrently.

However, offsetting the hidden and explicit costs of investing £829 a year in an insurance company personal pension - which might amount to about £170 a year - is the fact that you will be receiving in your pension plan an additional £522 from your

employers (the 3.8 per cent rebate). This sum would otherwise be used to help fund your employer's contribution into the company pension scheme. But under typical company pension scheme arrangements where pensions are related to final salaries, all (or almost all) the employers' contributions go to the older members of the scheme, particularly those above the age of 45. If you are younger than that, the £522 is of little use to you in the company scheme.

CONTACTS: Waddingham and Co., Silver Springs House, Over the Millstone, Denham, Bucks (tel. 0895-834-888); Huw Wynne-Griffith, Mercer Fraser, Barber Surgeons Hall, Monkwell Square, London EC2 (tel. 01-606-6655); R. Watson and Sons, Watson House, London Road, Reigate, Surrey RH2 9PQ (tel. 0737-241-144); Geoffrey Bernstein and Co., 162 Regent's Park Road, London N3 (tel. 01-458-2328).

Brokers baffle clients

THE SECURITIES and Investments Board (SIB), the City regulatory watchdog, this week responded to complaints that brokers are sending out unnecessarily complicated and incomprehensible "customer agreement" letters to their clients.

It has launched a campaign urging them to produce short, user-friendly agreements written in plain English, and has produced a model "private customer letter" setting out in only three pages what it considers to be necessary to meet the new financial services regulations.

The model letter contrasts sharply with most of the customer agreement letters sent out by brokers and intermediaries in recent months. Investors, many of whom have dealt happily with the same broker for years, have received lengthy forms written in incomprehensible legal language setting out the terms and the conditions which the broker says it has to impose to comply with the financial services legislation.

If the investor does not sign this agreement by the end of next month, the stockbroker or other investment firm says it can offer merely an execution-only dealing service.

The problem is that many legal advisers to the brokers appear to be trying to cover every eventuality and to be seeking to absolve the company of any blame or responsibility for anything going wrong.

The reaction of many clients is to refuse to sign, on the grounds that they don't understand the implications of the agreements and that brokers are simply trying to over-protect themselves. The SIB has received a considerable number of complaints and already has made plain that it, too, believes many brokers are trying to pull a fast one under the guise of complying with the new regulations.

The SIB hopes its model letter will be used as the prototype for all customer agreement letters in its campaign for user-friendly agreements, and is seeking views on the draft by December 9. But the

SIB cannot force its views on the other self-regulatory organisations involved. It can only try to influence them.

The Securities Association (SAs) and the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra) have welcomed the move but are content to wait to see how matters develop. Neither body is much concerned. Indeed, the SAs claims it has received very few complaints.

Nevertheless, investors who feel strongly that the customer agreement letters they have been asked to sign are absurd, and that SIB is taking the right action, should let their views be known, not only to the SIB but also to the other self-regulatory organisations and the brokers themselves.

"The Customer Agreement; Know Your Customer; Consultative Paper No. 8," obtainable from the Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL, £2.

Eric Short

INVESTMENT MANAGEMENT SINCE 1908

The Scottish Mortgage and Trust PLC

Shareholders' Assets plus Reinvested Dividends UP 99%* over 5 years with further growth of income forecast for current year

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Asset Value per share increased by 5.3% to 132.8p
Interim dividend increased to 0.9p per share from 0.8p per share
Shareholders funds at 30th September 1988 were £479m.

| Geographical distribution of assets | |
|-------------------------------------|--------|
| United Kingdom | 51.6% |
| United States | 15.1% |
| Japan and Hong Kong | 14.1% |
| Europe | 18.2% |
| Australasia | 0.7% |
| Net current assets | 0.3% |
| | 100.0% |

The Directors expect to be able to pay a final dividend in excess of last year's figure of 150p per share. The Scottish Mortgage and Trust PLC is an investment trust company with an international spread of holdings aimed at maximum growth in both capital value and dividends.

Baillie Gifford & Co operate The Baillie Gifford Investment Trust Savings Scheme for The Scottish Mortgage and Trust together with the 5 other trusts managed by them. The Scheme enables current shareholders and others to invest in any of the trusts by making occasional payments (minimum £250), or regular payments (minimum £30 per month or £90 per quarter) or by reinvesting dividends (minimum £15).

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Member of IMRO

To: Michael Usher, Baillie Gifford & Co., 3 Glenfinlas Street, Edinburgh EH3 6YY

Please send me details of the following:

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2 Details of The Baillie Gifford Investment Trust Savings Scheme

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This advertisement is being issued by The Scottish Mortgage and Trust PLC and has been approved by Baillie Gifford & Co. The Scottish Mortgage and Trust PLC does not carry on Investment Business as defined in the Financial Services Act 1986 so it is not subject to the Act. Its past performance is not necessarily a guide to the future and, as share prices can fall as well as rise, an investor might not get back the amount invested.

*Source - Association of Investment Trust Companies.

INVESTMENT MANAGEMENT SINCE 1908

INVESTMENT MANAGEMENT SINCE 1908

What everyone with over £5,000 to invest should know about Statistically Average Luck.

You may think of Premium Bonds as little more than a gigantic raffle. Nevertheless, over 380,000 people have invested £1,000 or more, 58,000 have invested over £5,000 and 21,000 have invested the maximum £10,000.

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Underlying the prize fund is a rate of interest which is currently 6.5% per annum. This creates a prize fund of over £11 million a month, every penny of which is tax-free.

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Given statistically average luck someone holding £1,000 worth of bonds may expect to win a prize every year. Someone holding £5,000 worth could expect five prizes a year and someone holding the maximum of £10,000 worth, ten prizes a year.

Of course, chance seldom confers a statistical average on individuals, so most people will win either less often or more often than that.

It's even possible for someone with the maximum holding to win nothing in a year. But the odds against this happening are an impressive 55,000 to 1.

But what makes Premium Bonds such an attractive alternative to other risk-free investments is their tax-efficiency: whether you win the minimum £50 or the maximum £250,000, every penny is tax-free.

One more number: if you ring 0800 100 100 (free) any time of day, we'll be happy to send you more information.

Good luck. Or rather, good statistically average luck.

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CHANNEL ISLANDS

The Financial Times proposes to publish this survey on Thursday, 15th December 1988

For a full editorial synopsis and advertisement details, please contact:

BRIAN HERON on 061 834 9381 (ext 666813) (fax 061 832 9248)

or write to him at:

Financial Times, Alexandria Buildings, Queen Street, Manchester M3 5HT

FINANCIAL TIMES

FINANCE & THE FAMILY

The Week Ahead

Airlines recover lost ground

THE FLOW of big company news turns into a torrent next week, as company directors file progress reports ahead of the festive season.

Is it better to fly aircraft, for example, or to own the airports they fly from? British Airways, whose second quarter results are due on Tuesday, and BAA (interims on Thursday), may advance that argument.

However, Kleinwort Benson's Peter Bergius sees a second quarter recovery, leaving the July-September figures around last year's £12m, and a better second half taking the total up to £250m for the year.

pricing to industrial customers and, effectively, told it to straighten up its act.

There will be a lesson for investors in the experience of Unilever and Unigate, seen as defensive stocks at this time last year as markets settled after the crash.

Unigate, meanwhile, has its own product cycles to contend with; at this time last year it was reporting a 14 per cent drop in first half profits due to the effect of a wet summer on its sales of St Ivel yoghurts and salads.

was reporting a 14 per cent drop in first half profits due to the effect of a wet summer on its sales of St Ivel yoghurts and salads. Tuesday may see only a partial recovery to £30m before tax, as the poultry side of the business is hit by low chicken prices and high feed costs.

The same day brings interims from Whitbread, the brewer, which is expected to produce a solid increase in profits to £10m, excluding £3m of property profits, against £9m at this stage last year.

Beckham, the drugs and consumer products group, has been attracting re-rating notices as profits growth gets back into gear after the earnings plateau of the mid-1980s.

On Thursday Sir Ralph Halpern, chairman of the British Group, unveils full year results for 1987-88. A month ago, Sir Ralph regained his title as Britain's highest paid executive, and the results, this year, should show why. Brokers McCaughey Dyson Capel Cure expect profits to rise from £12.5m to £21m before tax, despite the onset of difficult trading conditions, particularly in young women's fashions.

Burton has now had a long run of relative market weakness. First, people did not like some of its accounting methods, then they were worried



Sir Ralph Halpern aiming for better Burton Group profits

about the DTI investigation of its tactics in the 1985 bid for Debenhams. There have been stories recently that the DTI will clear Sir Ralph and his colleagues, but now there are tougher times in the retail trade, where the unified business rate and higher wage costs are expected to combine with a dull consumer background to test retailers in the months ahead.

Other big names on next week's list include BOC on Monday, the Royal Insurance third quarter and Cable & Wireless interims on Wednesday, and half-year results from Plessey where the vultures, however tired they are, will still be circling on Thursday.

William Cochrane

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

Table with columns: Cleared rate, Compounded return for taxpayers, Frequency of payment, Tax (see notes), Amount invested, Withdrawal (days). Rows include Clearing Bank, Building Society, National Savings, Money Market Account, UK Government Stocks.

*Lloyds Bank/Halfax 90-day; immediate access for balances over £5,000. Special facility for extra £5,000. Source: Phillips and Drew, 55Assume 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Table with columns: Company bid for, Value of bid per share, Market price, Price of bid, Value of bid, Bidder. Lists various companies and their market status.

*All cash offer. †Cash alternative. ‡Partial bid. §For capital not already held. ¶ Unconditional. ††Based on 2.30 pm prices 11/11/88. ††† suspension. †††† Based on FAV. ††††† shares and cash.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit (£000), Earnings per share (p), Dividend per share (p). Lists companies like Bailey CH, Belfray, Bibby J & Sons, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit (£000), Interim dividend per share (p). Lists companies like Amherst, Amersham Int'l, Applby Westward, etc.

RIGHTS ISSUES

Amersham Int'l to raise £700,000 via a two-for-two rights issue. Electronic Machine Company to raise £280,000 via a one-for-two rights issue at 5p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Apollon Watch Products to join the USM via a placing of 12m shares at 20p. Compagnie Group is planning a 'position early next month which will value the company at £20m.

WEEKEND BUSINESS

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LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION. IN THE MATTER OF THE COMPANIES ACT 1985. IN THE MATTER OF WESTERN MOTOR HOLDINGS PUBLIC LIMITED COMPANY

NOTICE IS HEREBY GIVEN that a Petition was on the 15th day of October 1988 presented to Her Majesty's High Court of Justice on 12th October 1988 for the winding up of the above-named Company...

ANY creditor or shareholder of the said Company desiring to oppose the making of an order for the continuation of the said winding up should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned Solicitors on payment of the regulated charge for the same.

Notified by the above named Company. Solicitors for the above named Company.

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RESULTS DUE

Table with columns: Company, Announcement date, Dividend (p), Last year, This year. Lists companies like Australia Invest Tel, BOC Group, British Empire Sec & Gen Tel, etc.

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FINANCE & THE FAMILY

EXPATRIATES

How to spot a share swindle

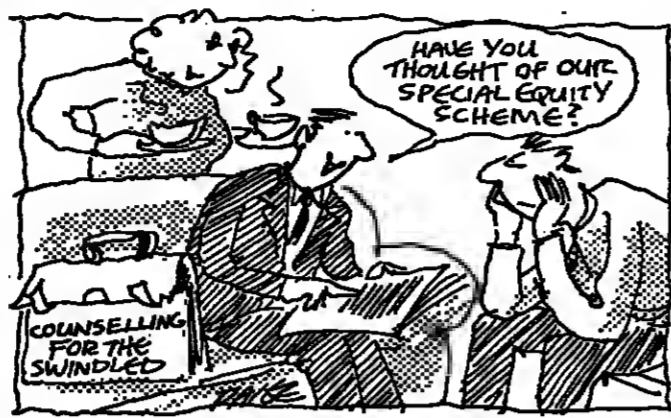
SHARE SWINDLING is alive and well and living in just about every country and expatriates are often among the unfortunate victims of this ugly and highly-organised crime. Police in various European countries at present are celebrating the break-up of an international share swindle, the eventual cost of which could run into billions of dollars. That's a lot of worthless bits of paper. But financial fraud is such a lucrative business that there are certain to be many more going on, even as you read this.

How, then, can you avoid being conned? There is no fool-proof method but there are now good early-warning signs. The first amber light should glow when you receive a share tip sheet when you haven't asked for it. These missives usually have confidence-inspiring names such as the Strategy Market Letter or the Investor's Guide to Profits.

Typically, the tip sheet will attempt to give off an aura of respectability by focusing on "buy" recommendations for household-name companies. But, tucked away, there will be a glowing tribute to some unheard-of stock, usually allegedly quoted on one of the smaller North American exchanges.

Normally, you will then receive another tip sheet, and another. Each time, the unheard-of stock gets more and more hype while the blue chips fade into the background. So, you start to be seduced by the idea that the unheard-of company might represent a fortune just waiting to be made.

That is the setting-up process. When, in due course, you



get the telephone call from the Manhattan skyline voice which talks in terms of a megabuck opportunity, you are already in a mood to get rich quick.

Mr Squeaky Clean answers telephones from a country other than your own. Often, it's Spain or Switzerland. Sometimes, it's Belgium. Increasingly, it is the Pyrenean hideaway of Andorra. Squeaky Clean tells you he has just acquired this once-in-a-lifetime line of stock and, because you are a discerning investor, he's offering you a stake. The price of the stock is sure to double in the next two months.

Unfortunately, this is quite often the point at which some people succumb to Squeaky Clean's spurious charms. They write a cheque for, maybe, \$5,000, send it off - and that's the last they see of their money. They might or might not get a so-called share certificate.

Not long after, feelings of self-doubt set in. "Have I done the right thing? Have I been duped? Surely not. That's the sort of thing that happens to other people who are far less intelligent and less rational than I am..." The sad truth is that greed knows no boundaries of intelligence or education. University professors and chief executives of companies are both just as vulnerable, realising too late that they have been stung.

Belated efforts to regain their money are usually of no avail. For a start, Squeaky Clean cannot be tracked down, even though the voice at the other end of the line you are now calling sounds remarkably familiar. Often, "he" is on vacation in the US.

■ Demand that any statement about a coming merger or takeover be put in writing and mailed, and do not act until receiving it. Legitimate markets today are very efficient and it is absurd to accept a statement from an unknown distant share-pusher claiming he has some inside track which he wants to share with you out of the goodness of his heart.

■ Never, ever let a salesman "reload" you, so that you swap a \$10,000 dog for two \$7,500 cats "plus you only need \$5,000 cash to take advantage of this wonderful new opportunity." Always insist that any liquidation be settled in cash, in full.

■ The Securities and Investments Board (SIB), the UK's financial watchdog, adds its own do's and don'ts. It warns you to be wary of special offers and discounts. If a deal sounds too good to be true, it probably is. If in doubt, hang up the telephone or throw the mail shot away.

Finally, the SIB warns, no deal is ever so urgent or vital that it has to be done over the telephone. Don't be pressurised into writing a cheque there and then. If a share salesman wants your money that quickly, it's because he knows you will decide not to write the cheque if you take the time to think about it.

Peter Gartland
Peter Gartland is editor of *The International*, the FT's magazine for expatriates.

Ian Hamilton Fazey reports on BWD Rensburg, where youthful dynamism and regional pride are proving a winning combination Northern empire strikes back

THIS WEEK'S £7.5m takeover of Rensburg, an old-established Liverpool company, by BWD Securities marks the emergence of a new force in stockbroking in the north of England. BWD Rensburg, as the new company will be called, will have 35,000 clients, offices in Bradford, Huddersfield, Leeds, Liverpool and Sheffield, and £800m under management.

Yet only five years ago BWD was a small Huddersfield broker distinguished mainly by its rather old-fashioned name of Batyve, Wimpey and Dewson. Now, it has a northern empire running along the M62 corridor from the Mersey to Leeds and dipping south down the M1 to Sheffield.

The first surprise to be sprung by BWD this year was in April when it became the first UK stockbroker to go public. The issue - of 9.4m shares representing 42 per cent of the then equity - was via the USM. It was 2.5-times over-subscribed and raised £2.4m from 1,400 applicants.

Much of the money is still unused because the Rensburg deal has been financed by a combination of new shares and cash from Yorkshire Building Society, so BWD is ready for yet more expansion. The society has bought 10 per cent of the new shares from the Rensburg partners, who will keep the rest. There are now 17m shares in issue, with the original BWD principals' holdings diluted to about 25 per cent.

In an age when independent regional stockbroking has become increasingly difficult, BWD's story borders on the astonishing. It should turn over more than £300m this year and - in contrast to an industry still recovering from

the staff-shedding aftermath of Black Monday - is taking people on. Before the Rensburg take-over, the payroll had risen by 20 since March to 96 to cope with its expansion.

The youth of the two joint managing directors might explain the rapid transformation of the group. Christopher Broadbent is only 32 and Michael Woodhead 37. They took charge eight years ago when their respective fathers died.

Before the Rensburg deal, BWD had already forged an unusual link with the Yorkshire regional chauvinism. This used to revolve round Yorkshire but the M62 - coupled with the continuing thriving state of the Greater Manchester and West Yorkshire conurbations - seems to be creating a trans-Pennine state within the state.

Regional chauvinism also drives another core activity: the Yorkshire General Unit Trusts. There are two, one for growth and one for income. Datastream figures show them performing well ahead of the FT All-Share index. The growth fund deliberately puts three-quarters of its funds into Yorkshire-based companies, and the income fund also invests heavily in the region.

"Regional chauvinism can be a strong marketing virtue," Broadbent says. "People actually want to invest in businesses which help sustain their local economy. They feel proud about it."

The trusts are chaired by Neil Balfour, founder of York Trust, the Leeds-based merchant bank. The managing director is Professor Brian Murphy, who was given a personal chair in accountancy by Huddersfield Polytechnic but who has now left to work full-time at BWD. He says: "The unit trust industry has taken a hell of a knock in the wake of Black Monday - but not us. Our funds have done well because they are largely invested in very well-managed Yorkshire companies."

"We now have 15m units in issue, 1m of them issued since the crash. We use computer technology as fully as we can and can value each trust in just under 10 minutes, so we always know where we are. We sorted ourselves out very quickly on Black Monday and really can boast that, in effect, we never closed."

"Our ambition is to establish Yorkshire General Unit Trust Managers as another M & G. We are looking hard to expand by acquisition, but it is difficult to find people who are for sale. We find that amazing, given that some parts of the industry are still in a mess following the crash."

However, chauvinism is not just about sentiment. In BWD's case, it is coupled to special local knowledge that London analysts will struggle hard to attain. More than 150 quoted companies in or around Yorkshire are followed closely. Apart from needing to do this for the unit trust managers and clients, the fact-finding visits build strong contacts with senior decision-makers in the companies. Broadbent says this is leading to an increasing amount of corporate work, especially in registration.

The research findings are published in *The Review of Yorkshire Companies*, which has switched from annual to quarterly publication. BWD used to print between 300 and 500 copies, giving most away. Now it is printing 1,000, with only a fifth going out to promote the company; the rest are sold at £25 each.

"We switched a lot of the complimentary copies of the last annual edition to institutional investors, mainly pension funds, and got a good response back. Most of them had never heard of us," Broadbent says.

Such ignorance is unlikely to last much longer. As Broadbent points out, modern technology enables stockbroking to be carried on anywhere.



Provincial brokers

shire Building Society. This month, it is launching a share-dealing service for the society, running initially from selected, larger YBS branches. In return the society acquired a 4.9 per cent stake in BWD for £500,000, with an option to buy a further 15 per cent. Since YBS has 765,000 depositors, 16 per cent of whom already own stocks and shares, Broadbent is - quite reasonably - expecting to pick up market share from other stockbrokers.

It will continue to trade

Eric Short on the Collective Investment directive

Unit trusts gear up for a European challenge

ALTHOUGH 1992 is the date mentioned most when people are talking about a unified financial market in the European Community, the date written in the diary of every unit trust chief executive is October 1, 1988.

This is the day when the Community's UCITS (Under-takings for Collective Investment in Transferable Securities) directive becomes effective. Member countries must have legislation in place by next October that enables Collective Investment schemes to compete freely throughout the community. So far, only the UK and Luxembourg already have the required legislation.

If all goes according to plan, UK investors in the EC will from next October be able to

select their investments from a variety of Collective Investment funds originating from various European countries. UK managers will be able to market their funds in Europe alongside those of other countries.

Normally, this would be welcome news for UK unit trust management groups. They have the edge over most of their Continental counterparts in product design, marketing, and depth of international fund management capacity. However, in the all-important area of taxation the UK authorised funds lose out in certain areas to those based on the Continent, particularly the offshore funds in Luxembourg.

A working party of the Unit Trust Association has been investigating the likely situation after October 1988 and has now published its findings. It says the two major tax disadvantages of UK-based trusts are that they pay corporation tax on unfranked income (revenue that has not already borne corporation tax, such as dividend interest income, or that from overseas investments) and that most switches between funds are subject to capital gains tax.

The investigations show that, in contrast, many other EC Collective Investment schemes, particularly those based in Luxembourg, do not suffer such tax penalties.

Corporation tax on unfranked income will have its biggest impact on the new UK-based bond and cash funds. The impact on income from overseas equities is offset by double tax agreements with various countries. The CGT penalty hits the umbrella funds hard. Every switch suffers a tax liability so, not surprisingly, UK management groups are setting up their umbrella funds in the tax-free climate of Luxembourg.

What, then, is the overall effect of the present position when investors consider the attractions of UK onshore versus offshore European funds?

- UK equity funds. At the end of the day, there is tax neutrality between onshore and offshore funds. European funds investing in UK equities tend to be at a disadvantage, so there is no problem with the sector for the British groups.
 - Overseas equity funds. Although the income element is subject to corporation tax, the double tax agreements tend to give UK onshore funds the edge, particularly US funds. However, European local-based funds are usually more tax-efficient. For example, a domestic French equity fund is more tax-efficient than a UK-based French fund.
 - Bond funds. Here, UK onshore funds really lose out to offshore Luxembourg-based funds.
 - Umbrella funds. Again, onshore funds lose out to offshore funds.
- The solution put forward by the UTA working party in its submission for next year's Budget is not for UK funds to operate in a tax-free environment but, simply, for certain changes to be made, namely:
- Unfranked income to be taxed at the basic income tax rate of 25 per cent, offset by management expenses.
 - Allowing switches with UK umbrella arrangements to be free of CGT, leaving the ultimate unit cash-in to be taxed.
- Without these changes, the working party sees the danger of management groups moving their entire operations offshore. For if these groups have to move the bond and umbrella funds to Luxembourg, they might well find it convenient to move everything there.

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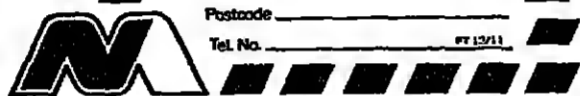
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"LEGAL MUGGING" SENDS CITY REELING

BY DAWN RAID OUR CITY CORRESPONDENT



The financial market has been plunged into chaos following a vicious takeover battle.

Both Cadbury and Phillips have been snatched from the helpless Morris Denton frivolous tycoon and furious MIP (Vegetarian Diner Party).

At 3.30pm the attack started when Vanessa Winter-Jones (John Craven for President Party) made a hostile bid for Cadbury.

"Wake up Denton!" warned Timothy Gorb former teacher and now MP (Invite Red Ken to your Party). "If you want to survive you've got to stay one step ahead of these students of Thatcherism."

Denton's vulnerable position was a red flag to other bullish marketeers.

Pundits struggled in the stampede to prise Phillips away from Denton.

"Why is everyone stripping my assets?" he wailed while nervously consuming another stuffed tomato as is his habit.

"I warned you these people are after just one thing—success!" informed Gorb the somewhat left of centre anarchist who now makes up the one Government opposition.

Insider dealers believe it was Denton's last plea to the Prime Minister that caused his final downfall. "I only

want to see fair play and a fair share for all; not legal mugging."

This prompted PM Walter "Bruiser" Gollightly to joyfully raise Denton's taxes to an unprecedented level and successfully takeover Phillips.

As Denton's SOS was heard above the uproar "Bruiser" remarked "Crisis? What crisis? I've never had it so good."

Certainly the players find their business and political talents pushed to the limits. After all, the game Poleconomy is definitely not for the meek.



COMMERCIAL PAPER

The Financial Times proposes to publish a Survey on the above on 30th January 1989

For a full editorial synopsis and advertisement details, please contact:

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on 01-248-8000 ext 3461
or write to him at:
Bracken House, 10 Cannon Street
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FINANCE & THE FAMILY

Heather Farnbrough on a sharp decline in profits

Bad news all round

A DRAMATIC fall in profits at two of the UK's best known investment management houses this week showed up the problems facing investment groups. But does it matter to investors?

The companies say it doesn't. But while there is no direct relationship between the group's profitability and the performance of its funds, poor figures are still bad news for investors in those funds.

On Monday, GT Management reported profits of £2.7m for the six months to September 30 - these were less than a third of those reported over the same time last year and worse than most analysts had expected. GT's unit trusts, which account for 11 per cent of its business, were hardest hit, for reasons common to others in the industry, such as compliance costs and changes in dealing rules.

Then, on Wednesday, Henderson Administration announced that its profits had fallen from £15.2m to £4.3m for the six months to September 30, the first complete half year of trading since the takeover. Henderson was badly hit by a dearth of unit

trust activity and the loss of "hot" profits. However, Jeremy Edwards at Henderson Unit Trusts says that after a period of heavy redemptions (sales by investors), the company is now a net seller to investors.

The problem with heavy redemptions is that with no cash coming in, funds are forced to sell to raise cash. As it is usually easier to sell good quality stocks, the overall portfolio suffers. Meanwhile, the managers are unable to take advantage of any upturn in the market.

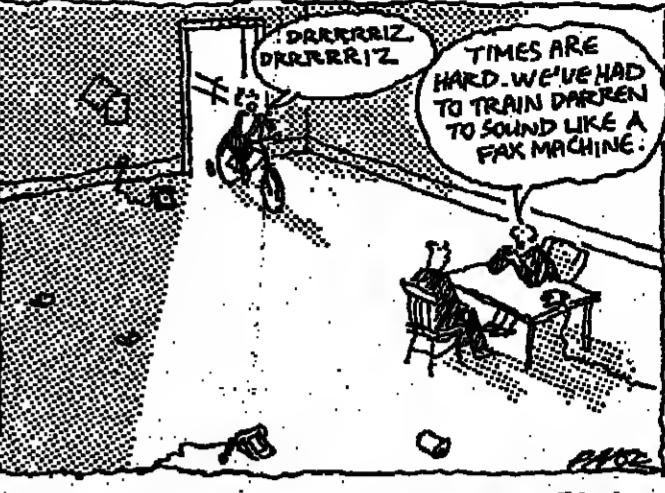
When profits are under pressure, there are two options: cut costs and put up fees. The latter is usually easier to do. Putting up fees is naturally unpopular with unit or policy-holders; cutting costs will not necessarily be against their interests if it leads to greater efficiency.

Both Henderson and GT have been pruning costs. Henderson has cut staff costs (one third of the total) by 21 per cent, although it has not cut fund managers' salaries. GT fund managers on the main board have had a 10 per cent pay cut over the last year, while those below board level

have had salaries cut by 10 per cent.

Investors' hearts may not bleed. But the danger is that pay cuts and the abolition of certain perks can lower morale of the fund managers. Furthermore, the value of share options designed to bind the manager in may have fallen to such an extent that they are no longer worthwhile. It is thus easy for more affluent groups to poach staff. For example, GT lost manager Roger Yates this week to Morgan Grenfell for an offer he simply could not refuse.

Demoralised, depleted armies of fund managers are unlikely to have much incentive to perform. Independent groups without a strong capital base also run the risk of a hostile takeover. These can result in a rationalisation of funds, as happened when MIM Britannia took over County Unit Trust Managers in September 1987. However, as Graham Moyle at Kleinwort argues, the threat of a takeover can be something of a two-way bet. "When the screws are on in a bear market, there has to be a greater emphasis than ever before on performance."



Both GT and Henderson have stressed that they intend to remain independent. GT directors hold around 30 per cent of the equity, while at Henderson, 22 per cent is held by four investment trusts. So it would not be particularly easy for a predator to move in.

The extent to which fund management groups have been affected by the bear market and the need to comply with new regulations varies. As Philip Gibbs at CL-Alexanders Laing & Cruickshank comments: "The important thing is to have a range of products because it is unit trust groups which are being hit."

It also helps to have another source of cash. Save and Prosper has the capital backing of

Robert Fleming to fall back on. Allied Dunbar has a good cash flow from its other insurance products, as does Standard Life.

Among the independents, Mercury's large pension funds should smooth over any fluctuations in unit trust business. M & G, heavily dependent on unit trust business, was exceptional in the industry in that it never rounded up. Perpetual is almost totally dependent on unit trust sales but it does have low marketing costs.

Unit-holders do have the option of selling if they are worried about the group they are with. But switching is an expensive business particularly with initial charges on unit trusts rising

Unit Trusts/Christine Stopp

Higher charges queried

IS THAT increase in your unit trust charges strictly necessary? Or is your management group just attempting to revenue to get it through a lean patch?

So many groups have now raised charges, or introduced into their trust deeds higher "ceilings" for charges so they can be increased without prior approval later on, that a move towards a 6 per cent initial charge (against 5 per cent now) will be established as the industry norm. At the same time, annual management fees are being increased from 1 to 1.25 or 1.5 per cent, according to the type of fund.

These rises have been justified by the groups as being an absolute necessity to cover their increased costs resulting from complying with the Financial Services Act (FSA) and, in particular, the new regulation from July 1 that banned the imposition of "rounding up" charges by unit trust managers.

But is this strictly true? Are the increases really justified? The industry has already received an unofficial (but public) warning from the Securities and Investment Board (SIB), the umbrella self-regulatory organisation, on the subject. Jim Hickman, a SIB deputy director in the investment management and products division, suggested at a recent unit trust conference that some groups' letters to unit-holders, pressuring them to accept increased charges, were verging on misleading.

He said - to the dismay and outrage of unit trust managers present - that, under the Financial Services Act, making statements calculated to mislead investors can be punished by seven years in jail.

The 5% (or 6 per cent) question is: how are some groups able to get by without raising charges, while others claim increases are an absolute necessity? One possibility is that charges are simply being raised to compensate for inefficiency in management and a flat trading period in the stock market that has reduced the flow of money coming in, despite earnest industry assur-

ances to the contrary.

"It's not the unit trust management companies trying to put the blame on the FSA environment. Most groups are not covering the revenues lost and charges incurred," says James Dawday, of Mercury Fund Managers.

It is difficult to prove the truth or otherwise of this throughout the industry. But it can be shown that an increase in the initial charge of 1 per cent can more than compensate for the loss of "rounding" which was, quite simply, an invisible way of boosting the manager's return on a unit trust deal.

The old regulations allowed the manager, when calculating the price of units, to adjust this to a whole number by adding up to 1.25p or 1 per cent, whichever was smaller. In practice, the highest permitted amount was charged routinely by managers, whether or not it was necessary. This boosted the manager's revenue by 1 per cent on unit turnover, since rounding applied to both offer and bid price calculations. The new regulations ban rounding in this relaxed form; the present method is much stricter and, effectively, stops managers from doing this.

It is hardly surprising that unit trust groups were sorry to see the loss of rounding, although many now openly admit that the way it was calculated was an abuse. But are they justified in replacing this "hidden" charge by an open one?

The table shows how rounding works in an offer price calculation before and after the change in regulations, using the same initial charge of 5 per cent. The appropriation price is what it costs to create a unit net of management charges. The demise of rounding under the old formula clearly reduces the offer price. However, the third column shows that, by raising the initial charge from

5 per cent to 6 per cent, rounding is more than replaced.

M & G stands alone among the large groups in refusing at present to contemplate increased charges. It is less affected than most by the loss of rounding, since it always has been group practice to give any rounding benefits to the fund rather than retaining them as income for the manager.

It could be argued that M & G is an exception, especially as it has such sizeable funds under management. But several small groups also are managing without an increase in their charges and administrative efficiency is one of the reasons they quote for it.

Offer price calculation for typical UK unit trust

| Appropriation price | £1.00 |
|-----------------------|--------|
| Old rules | |
| Initial charge (5%) | 2.55 |
| Rounding (1%) | 0.445 |
| Offer price per unit | £4.100 |
| New rules | |
| Rounding to 4 figures | -0.005 |
| Offer price per unit | £3.650 |
| Initial charge (6%) | 3.086 |
| Rounding to 4 figures | -0.006 |
| Offer price per unit | £4.160 |

Two examples are Scottish groups Dunedin, with £14m under management in unit trusts, and Waverley, with a mere £14m. Both were early in developing computer systems, which undoubtedly cut transaction costs, and lower Edinburgh office rents also help.

Dunedin "don't feel under any great pressure at the moment" to raise charges, while Waverley's Willie McLeuchie feels there are no brownie points in working to keep charges down when the apathy shown at meetings called to approve increases suggests that the investing public doesn't seem to care much.

However, he thinks that now is not the moment for groups to make fresh demands of unit-holders. "It would be nice to have higher charges but, at the end of the day, you have to earn them," he says. "The time to put up charges is when you're making the investors some money."

As well as simply increasing charges, groups are looking at other ways of apportioning costs to their benefit. Trustee and audit fees traditionally have been met by the manager, but most groups are altering their trust deeds to allow such

fees to be charged to the fund. This will not make an enormous difference - audit fees are relatively insignificant and trustee fees might typically amount to 0.1 per cent of funds under management - but it all adds up to an increased burden for the unit-holder.

On this one, though, investors are unlikely to be supported by the legislators. Professor Gower's original report, which helped to trigger the whole Financial Services Act, was in favour of trustee and audit fees being met by the fund. He argued that there was a basic conflict of interest if the management group was responsible for paying those whose job was protecting unit-holders.

With some charges increased without a unit-holder meeting, and other fees switched to the fund, investors will have a less and less clear picture of the true cost of their investment. But, in keeping with the spirit of full disclosure, the SIB is looking at the possibility of an expenses ratio figure that might even be published in the press alongside prices. This would give a simple guide to the cost of investing with each group.

Such a move might even be welcomed by managers as a means of achieving disclosure in a way that affects all groups equally and allays suspicions that they are profiting at public expense.

Save and pay more

ANOTHER LEADING unit trust group, Save & Prosper, is planning to seek approval from unit-holders to raise its charges and amend trust deeds. A series of meetings will be held on November 25 and December 4.

Julian Tregunning, S & P's investment services director, said the proposed increases in charges would significantly, but not completely, help offset the reduction in their income as managers as a result of changes and new regulations for unit trusts that had to be introduced under the Financial Services Act.

The group estimates that its initial cost of complying with the new regulation is £3.1m and that the additional yearly cost will be about £0.75m.

The rounding up charge of up to 1 per cent on the purchase of unit trusts had been abolished and "book management" (where the managers run a book of units on their account primarily to satisfy sale and purchase orders) had been made much more difficult and complex and significantly reduced the returns for managers.

In other words, previously hidden profits for the managers, made from rounding and "book" dealings, have effectively been abolished and the groups are now seeking to reclaim them back from unit-holders.

S & P plans to ask unit-holders to approve a rise in the maximum initial charge to 7.5 per cent. However, "for the foreseeable future" the actual initial charge will be increased from 5 to 5.5 per cent on all

their unit trusts, with the exception of two tax exempt trusts for charities and pension funds.

The group is also seeking approval for the maximum annual management charge to be raised to 1.5 per cent. But, the actual increases applied will vary considerably.

There will be no increase until three years have elapsed since the last increase, so the charge for American Smaller Companies, Eastern Discovery, Gilt and Fixed Income, Masterfund and UK Smaller Companies will be unchanged for the moment.

Annual charges for the income, investment trust and UK equity fund will go up to 1.25 per cent, and capital growth trusts to 1.5 per cent.

Under another proposal, fees paid to the funds' trustees are going to be increased and the cost of payment transferred from the managers to the fund (i.e. unit-holders).

At the same time the group wants unit-holders to support changes to the trust deeds that will enable it to utilise the wider investment and borrowing powers allowed under the new regulations, such as the ability to "hedge" against movements in foreign currency values.

Some amendments to the trust deeds have to be approved by unit-holders to comply with the new regulations before April 1990, so that the trust can continue to be authorised. But unit-holders are free to make up their own minds whether higher charges are needed or justified.

John Edwards

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FINANCIAL TIMES
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COUNCIL OF THE CORPORATION OF FOREIGN BONDHOLDERS

SUBMISSION OF CLAIMS

As announced in the Press on 21st May 1988 the Council of the Corporation of Foreign Bondholders are now taking steps towards the liquidation of the Corporation.

Over the years since their foundation they have, in the course of protecting the interests of bondholders, issued or assumed responsibility for various certificates and other instruments which established claims on the Corporation, and in spite of a number of invitations published in the past some of these have never been submitted for redemption or payment.

The Council accordingly issue a FURTHER INVITATION to holders of any such documents which appear to establish a claim on the Corporation, and in particular those listed below, to present them to the Council of Foreign Bondholders, 35 High Street, Bromley, Kent BR1 7LE (Telephone 01-464 0206). When documents are sent through the post, these will be at the holder's risk.

Documents Redeemable by the Council:

| TITLE OF LOAN | NATURE OF DOCUMENT | YEAR OF ISSUE |
|--|--|-------------------|
| ARGENTINA 4% Bonds 1988 | Fractional Scrip Certificates | 1989 |
| BUENOS AIRES PROVINCE (Mortgage Stock) | Certificates of Deposit | 1983 |
| AUSTRIA-HUNGARY 4% Gold Renten 1876 | Tickets (receipts) | 1926 |
| COLOMBIA Consolidated External Debt 1988 Conversion | Arrear Coupon Certificates and Fractions | 1905 1911 |
| COSTA RICA Consolidated External Debt Gold Reducing Bonds 1911 | Arrear Coupon Certificates and Fractions | 1907 & 1909 |
| ECUADOR 4% External Debt 1908 | Certificates of Deposit | from 1929 |
| Guatemala S. C. Railway Co. 5% 1911 Mortgage Bonds GUA/TERRAL | Certificates of Deposit | from 1929 |
| 4% External Debt of 1885-1913 4% External Debt of 1885-1913 | Fractional Certificates and Vouchers for deduction from Arrear Coupons | from 1913 |
| 4% External Debt of 1828 | Fractional Certificates | 1915 from 1928 |
| HONDURAS Government 5% Railway Loan 1887 | Certificates of Deposit | 1909 |
| Government 10% Railway Loan 1887 | Certificates of Deposit | 1909 |
| Government 6 1/2% Railway Loan 1889 | Certificates of Deposit | 1909 |
| Government 10% Railway Loan 1892 | Certificates of Deposit | 1909 |
| NICARAGUA 1898 Railway Mortgage Bonds 6% Floating Loan 1929 | Arrear Coupon Certificates and Fractions | from 1906 |
| PARAGUAY 1885 Conversion | Funding Certificates and Fractions | 1916-1929 |
| PERU Pisco to Yca Railway Loan 1889 | Fractional Certificates | about 1889 |
| 3% External Debt 1883-1894 | Certificates for unpaid interest | 1893 |

Also, under the Act of 1988 reconstituting the Corporation, there is an outstanding liability to certain holders of Certificates of Permanent Membership issued by the Corporation, or to the Representatives or Assigns of such holders.

Make Your Fortune With IT

A £100 investment in Capital Gearing ten years ago has since grown to over £3,000. A similar sum invested in Lowland or Moorgate is now worth over £1,100.

These are just three of many investment trust successes. To help you spot the winners of tomorrow, there is nothing better than Investment Trusts, the only magazine that provides comprehensive information about investment trusts.

The latest 60 page issue costs £2.50 and can be obtained from 120-126 Lavender Avenue, Mitcham, Surrey CR4 3HP. Its cover story focusses on 12 trusts that are sitting takeover targets, and two of these have already seen action.

FINANCE & THE FAMILY

Meal ticket to slap-up menu

My husband divorced in 1980. There were two children, now aged 15 and 18 years. His wife has always been bitter and hostile. My husband's attitude has mainly been to meet all of her demands, to ensure the well-being of the children and to avoid unpleasant exchanges.

At the time of divorce it was agreed that he should keep his business (then worth about £40,000) and thus his income, and she should have the marital home (sold for £45,000) plus all contents and maintenance of £500 per month (gross).

Over the years this has increased by court arrangement to £45 per month; my husband pays one child's school fees and the policies (about £45 per month) which have been transferred to the children. These should mature in six years to give him about £50,000 each. He intends to pay until the children cease full-time education. He has recently agreed to an increase to £800 per month net. Should the children stay for all school holidays with us, no deduction is ever made.

His ex-wife now works full-time as a secretary in north-east England.

My husband and I have two small children and, at present, I do not work outside the

home. Until last year his income remained at about £20,000. My income was vital to sustain a large mortgage. Over the last year our financial position has changed considerably. He has sold his business for £125,000 p.a. with £200,000-400,000. We put all the money into the home, with the exception of some small property investment. His income has increased dramatically to £125,000 p.a. with bonuses if targets are achieved. Of course, if they are not, or the market tumbles he could be out of work next year.

With the current re-arrangement of maintenance, his wife has discovered his income, saying that she is entitled to one third of assets and income for the rest of her life. Not surprisingly, he feels he has been more than generous in past times and does not want to continue working long and hard to see one third of all go to a woman who is now no more than the mother of his older children.

His accountants and lawyer say she has a claim on his post-divorce assets and income and will do even when the children are self-sufficient.

I thought that recent legislation had ended the "meal ticket for life" syndrome, particularly as she is able to work

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Moving expenses

I have sold my house and received compensation from the purchaser, who failed to complete the purchase on the agreed date. Is the compensation taxable and, if it should be included in my income tax return, am I entitled to claim any allowance for the additional costs I incurred as a consequence of the delayed completion?

It depends on what the compensation was for. If it represented interest or loss of earnings and was not recovered as damages in an action, it might be taxable. Where the compensation was for something which is not in the nature of income, no tax would be payable.

Fair shares for the US

I have often wished to take advantage of public offers by the Government for shares such as TSB and Rolls Royce. However, the offers usually contain a provision that they are not open to US persons. I

am a UK citizen from birth. I am also a naturalised US citizen, but did not lose my UK citizenship through naturalisation. Looking ahead to future offers, am I debarred from participating if they contain the provision that they are not open to US persons? I do not reside in the US.

You would need to examine the terms of each offer carefully. Where they preclude applications from the US they normally specify that US residents may not apply, and in such cases you are not prevented from making an application so long as your permanent residence is outside the US.

Land sold in error

I have a plot of land, roughly three-quarters of an acre in area and rectangular in shape, which is close to my home. One side of my plot adjoins the garden of a cottage and also adjoins an L-shaped piece of land which encloses the cottage on two sides. On its fourth side the cottage is bounded by another neighbour's land, over which there is a public footpath providing access to the cottage.

The cottage, in recent years used as a holiday home, has no vehicular access from the road, and was recently sold to a family in full-time residence. The conveyance document included part of my land, together with the whole of the L-shaped land. The public footpath was described as a vehicular access road, and is now being used as such.

The foundation writ on the property, dated middle-1920s, identified correctly the three owners of the adjoining lands, so that the new owners of the cottage thus have a conveyance document which is different substantially from the foundation writ. The same firm of solicitors acted for both seller and buyer in the sale of the cottage, and they

Portrait of CGT

A family of four persons own in common a picture being sold for £14,000.

Will each have a free CGT allowance of £3,000 with each person being, therefore, liable to CGT on £500 at 40%?

Yes, but the effective rate of CGT on the excess over £3,000 will be 66% per cent, not 40% per cent. This reply is based upon the assumption that the picture has been owned by the four people since March 30 1982, or earlier (but not earlier than April 6, 1965), and that its market value at March 31 1982 was less than about £7,844, its original cost being lower than that figure:

- 66% per cent of (£3,5500 - £3,000) equals £333.33.
- 40% per cent of (£3,500 - say

136 per cent of 1/4 of £7,843) equals £333.35.

The legislation is to be found in section 129(2) of the Capital Gains Tax Act 1979, as amended.

Society's liability

Is it true that only the first £10,000 of money invested in each building society account is safe? Does this depend on whether the society retains its status as a friendly society or becomes a plc?

Under the Building Societies Act 1986, the protected investment is limited to £10,000: up to 90 per cent of the investment is given protection, so that the first £9,000 is safe. This relates to the total liability of the building society (i.e. on all accounts) to any one investor, and applies even if the society is a plc.

have acknowledged their error in respect of my land. The other two owners of land adjoining the cottage are now dead and thus are unable to take any part in having their land removed from the incorrect conveyance document.

What is the procedure for having all the neighbouring properties removed from the incorrect conveyance document? Must the sale of the cottage be renegotiated, with the neighbours' property deleted? If so, what procedure, under Scottish law, should I adopt to get this done?

You need to do nothing to have the land which was conveyed erroneously to the new proprietor re-conveyed back to you. Provided he does not erect a boundary and, in effect, possess your strip of ground, there is no problem. So long as you are possessing the area of ground disposed to you and your title pre-dates the new purchaser, then, in a question of title, yours would be confirmed.

However, regarding the vehicular access granted to the new cottage owners, there is really nothing you can do about this. Any action to prevent the "public footpath" being used as an access route is limited to the owner of the ground containing access. As the owner is deceased, his heirs and executors may take up the matter, as may any subsequent purchaser, but no other party can become involved.

Similarly, if the owners of the L-shaped land feel that their bounding title has been altered in any way, they should raise the matter them-

Fools rush in...

ARE YOU being swindled? Or being given bad financial advice? As the Barlow Clowes affair demonstrated very clearly, financial advisers or intermediaries, are very much at the sharp end when it comes to personal finance. They are the ones who often recommend, and sell, dodgy financial products and services. So advice from an experienced intermediary on what to look out is especially valuable.

Kean Seager, managing director of the Bristol based intermediary company Whitechurch Securities, has produced a modest (53-page) booklet entitled *Fool's Gold* reviewing some of the biggest frauds, fiddles and failures in recent years. However, the book also has a hard look at the different products sold by intermediaries, the commissions paid and some pithy comments on what to look out for before parting with your money.

Seager is very hard on his competitors. In his view, most of the suffering caused to investors has been caused by dishonest or inept intermediaries - Barlow Clowes being a classic example. The problem, he says, is that investors expect impartial advice but forget that intermediaries earn their living by selling financial products. The new Financial Services Act should improve matters, but Seager points out that laws by themselves do not stop murder or theft continuing to be committed.


So what measures can you take to avoid being swindled?

- Best of all is not to let the adviser handle your money. Pay all monies direct to the company providing the product or service, rather than to the intermediary. That should at least prevent the intermediary from diverting your funds to his own use.
- If you do want a discretionary account with an intermediary because it is more convenient, and flexible when decisions have to be taken quickly (like in the October 1987 crash) you can give the broker discretion to act but still settle the deals made on your behalf yourself.
- Alternatively, if your money is held in a separate client account make the intermediary provide a letter authorising the bank administering the account to give you any information about the balances and transactions. In this way you can carry out spot checks.
- Check that the intermediary is a fully authorised member of one of the new self-regulatory organisations (in particular, Fimbra - the Financial Intermediaries, Managers and Brokers Regulatory Authority). If the company has only interim authorisation, it is not covered by the compensation fund.
- Check whether the intermediary has professional indemnity insurance as protection against claims for negligence.
- Check whether the intermediary is truly independent, able to recommend any product, or a "bed agent" only able to sell products from one group.
- Make sure that any funds invested with a company are held and controlled by a separate trustee, such as one of the major banks.
- Be aware that if you are investing offshore there is not the same degree of control and protection as there is with domestic UK investments.

Fool's Gold - Avoiding the frauds, fiddles and failures in the investment world; Kean Seager, Whitechurch Securities, 30 Westbury Lane, Bristol BS3 2PP, 12.99.

John Edwards

SOMETHING TO CROW ABOUT



MGM WINS MICROPAL ANNIVERSARY AWARD FOR THE BEST PERFORMING UNIT TRUST MANAGEMENT GROUP.

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|-------------|-----------------|-------------|-----------------------|
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| 2 | GROFUND 9.88 | 7 | SUN ALLIANCE 7.35 |
| 3 | GAM 9.77 | 8 | NM SCHRODER 7.34 |
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Houses & GARDENING

Aiming to be more than a mere address

John Brennan reports on Butlers' Wharf and Kensington Palace Gardens — two of London's most significant residential schemes

SIR TERENCE Conran and Prince Charles share a commitment to design and style that puts them at odds with the average standard of housing development in Britain today. Now both have had the opportunity to influence two of London's most significant residential schemes, in one case as prime mover and personal investor, in the other as a wary near-neighbour and unconscious promoter.

The two developments, Butlers' Wharf, SE1, and Kensington Palace Gardens, W8, are miles apart, both physically, and in terms of their respective markets. But both aim to rise above being mere addresses to become instantly recognisable London locations in their own right. To achieve that, both have had to defy the cost accountability of a normal housing scheme.

That means a £200m commitment by Sir Terence, Jacob Rothschild, Lord McAlpine and their equally distinguished fellow shareholders in the private Butlers' Wharf development company. At Kensington Palace Gardens, it is a £30m-plus investment in just 20 apartments, Regalian Properties' bid to create the most fashionable, and what will be, unarguably, the most expensive, apartments in London.

Achieving a sense of place is no problem for Regalian. That came with the purchase of the most expensive stretch of residential development land in Britain, the £21m former kitchen gardens of Kensington Palace.

The Crown Estate's offer for tenders for a 99-year lease on the site attracted more than 20 bids, most based on valuations taking account of the existing planning permission for an apartment block with 40 large flats. Given the site, which faces out over the trees to Kensington Palace and beyond to Hyde Park, it was a fairly simple matter to work out bids based on flat resale values running up to a couple of million pounds apiece.

Those would hardly have been "average" flats. But, as David Goldstone of Regalian puts it, for this site "they would have been

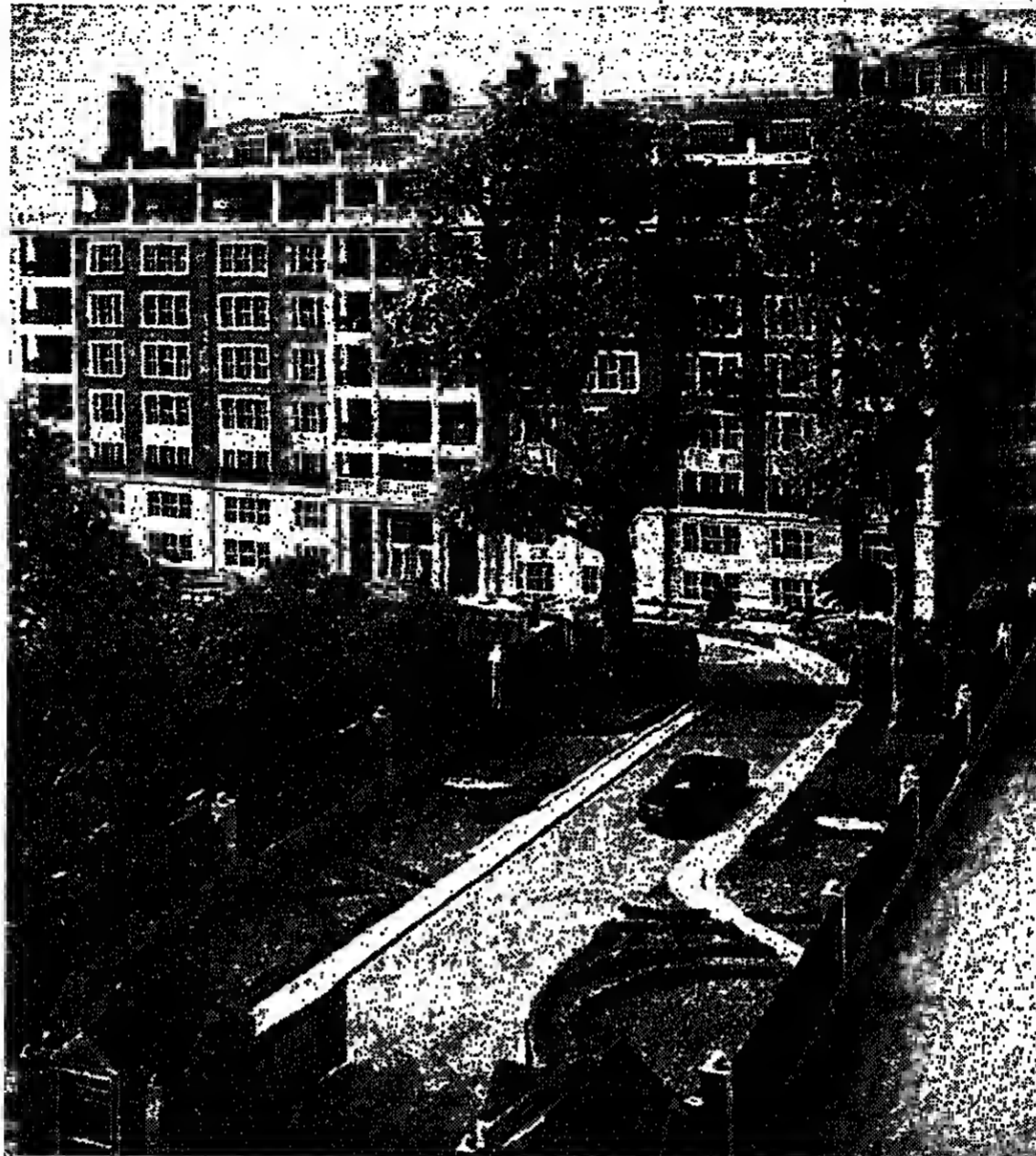
pretty ordinary, nothing to write home about." He took the view that forty big flats would be pretty run of the mill for a site in a private road that can claim half the Royal Family, eight ambassadors, a couple of High Commissioners, and eight full embassies among its neighbours. So what about half the number of full-scale mansion-sized flats at twice the price? Would there be enough people for whom £2m would be the bottom marker in a price range running up to £10m — a record for a single leasehold flat in London?

If Goldstone has any doubts about that, with the combination of site acquisition and construction costs, he does have 50m £-sized reasons to suppress them. He was convinced that the Crown Estate Commissioners had a site that "cries out for something really special, for apartments of a quality that has not even been contemplated in Britain before, let alone achieved." They accepted his 20-flat approach, took Regalian's £21m cheque, and waited to see the detailed plans.

It was at this stage that the neighbours began to take an interest in the plans.

In the canon of property developers' nightmares only one horror that could top the discovery of a well-disguised nuclear waste dump next to a newly-acquired site. Regalian hit the jackpot when Prince Charles rushed a last-minute, personal objection around to the local planning committee just as the drawings for the new, mega Kensington Palace apartments were due to be waved politely through.

In fact, the developers could hardly have engineered a more effective international publicity campaign if they had tried. The Royal objections underlined the fact that Charles and Diana are among the building's nearest neighbours, and the objections themselves created no serious problems for a design that fits, externally, within the constraints of the existing planning consents. Minor facade changes resolved the appeal problem. And, before 1990 is out, contractors Bovis should have finished a building that, at a construction cost alone of over £300 a sq foot,



The model of flats planned for Kensington Palace Gardens, London

will have cost around three times the average for even prime central London space.

Goldstone hopes to have sold every apartment in the block before then. At one level that's a conviction based upon the standard of finish, security and privacy built into the scheme. Even the Crown Commissioners' existing gatehouses guarding the Kensington High Street and Baywater Road entrances to the Kensington Palace Gardens road are getting a facelift.

"They are a case of decayed grandeur at the moment," says Goldstone, and improvements reflect the Crown's intention to reverse the rather ad hoc standard of maintenance and redevelopments of properties in the road since the war.

The apartments are as near intruder-proof as any building can be. Inside, the separate staff quarters for each of the flats are on the ground and lower floors. Above that, anyone buying one of the 2,285 to 4,308 sq ft apartments before the construction work reaches their flat, will be able to choose interiors from one of five international designers as part of the price.

Regalian itself (01-493-9612) is preparing a display of models and plans to show these prospective buyers who manage to win through a discreet "could they afford it?" sifting process. Savills (01-730-0822) Prudential Property Services (01-262-5060) and Hamptons (01-493-8222) share the honours as sales agents.

Goldstone says: "There must be several hundred people in Britain who could afford to buy one of the apartments and when you look at the world listings of wealthy people, you've got to have \$100m at least to start getting a mention, so there is no shortage of really wealthy people who, if they wanted a unique London home, wouldn't need to think about the cost."

hundred yards downriver of Tower Bridge. Yet, as Roger Fennemore, chief executive, says: "We don't think of ourselves as part of Docklands. The aim is to develop a distinctive mixture of fine modern and restored buildings with in a stylish and imaginative way."

That aim translates into a complete metropolitan village of residential, shop, workshop, restaurant, office, hotel and display space around Venetian-scale squares and riverside open space. The opening of Conran's Design Museum on site next year transferring, and greatly expanding the Boiler House displays within the Victoria & Albert Museum) provides an early focal point for what Fennemore hopes will become a South Bank equivalent of Covent Garden. Visitors as customers for the shops, workshops to supply them, apartments to house the craftspeople. "We want to have a place that attracts people excited by the idea of being part of a new community, where they will live and work, not a collection of flats where people go home to Surbiton at the weekends."

The size of the site and the extent of the private funding ensures that Butlers' Wharf has the space and resources to carry out what is, in effect, a complete designer new town. And if the scope of Conran Roche's masterplan has yet to be fully appreciated, at least joint residential agents Keith Cardale Groves (01-629-6604) and W A Ellis (01-581-7694) do now have the first releases of flats in the Butlers' Wharf warehouse buildings to show how effectively the design talk converts into riverside apartments.

A tour around the sales and information centre at 36 Shad Thames (01-378-0378) is a good starting point for anyone thinking of flat hunting. Even those who prefer the evidence of the map to the Conran team's view that Butlers' Wharf is sufficiently different to stand apart from Docklands can't mistake an attention to detail that has resulted in what must rate as among the best finished in their price range anywhere in London. Like Goldstone's approach to the Kensington Palace site, Conran is betting on quality.

LONDON PROPERTY

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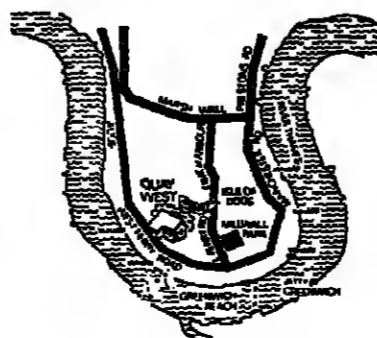
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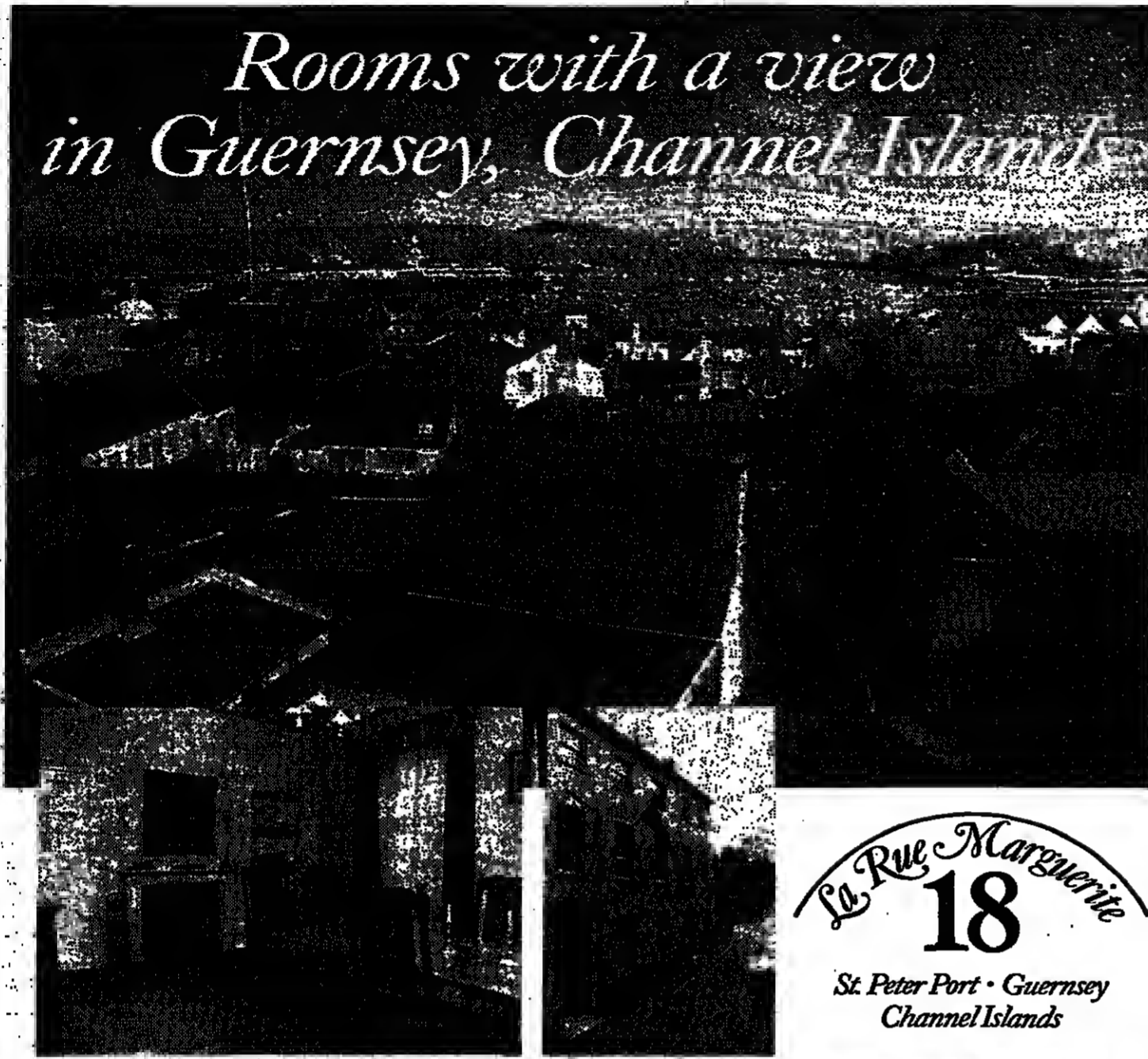
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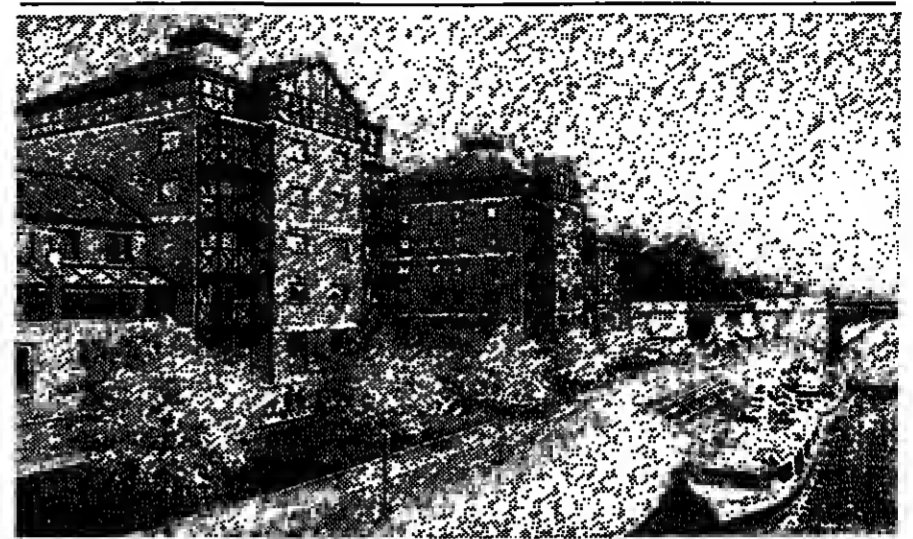
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Bishop's Wharf, York.

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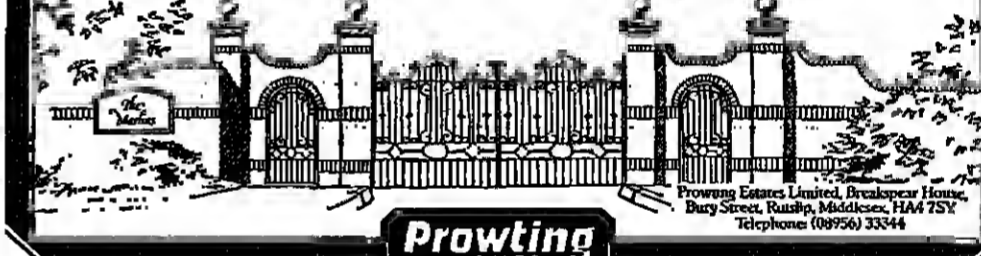
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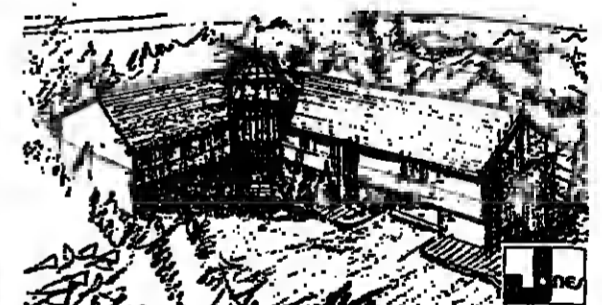
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TOWARDS 2000



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Please contact: Mr Wilton-Smith

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A PROPERTY LEADS SERVICE
Farnham Tel: 0252 716221

ELSTEAD FARNHAM SURREY
London 42 Miles, Farnham 3 1/2 miles, Guildford 8 miles.

Substantial family house in immaculate order with extensive accommodation set in area of outstanding natural beauty.

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Top floor comprising studio/playroom, bedroom and bathroom. Cloakroom, drawing room, dining room, luxury kitchen/breakfast room, self contained office complex, double garage, swimming pool with changing rooms. Lovely Gertrude Jekyll landscaped gardens and grounds of approximately 3 acres.

PRICE ON APPLICATION
Details from Weller Eggar, a Property Leads Service,
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A fine Georgian Country residence with superb views

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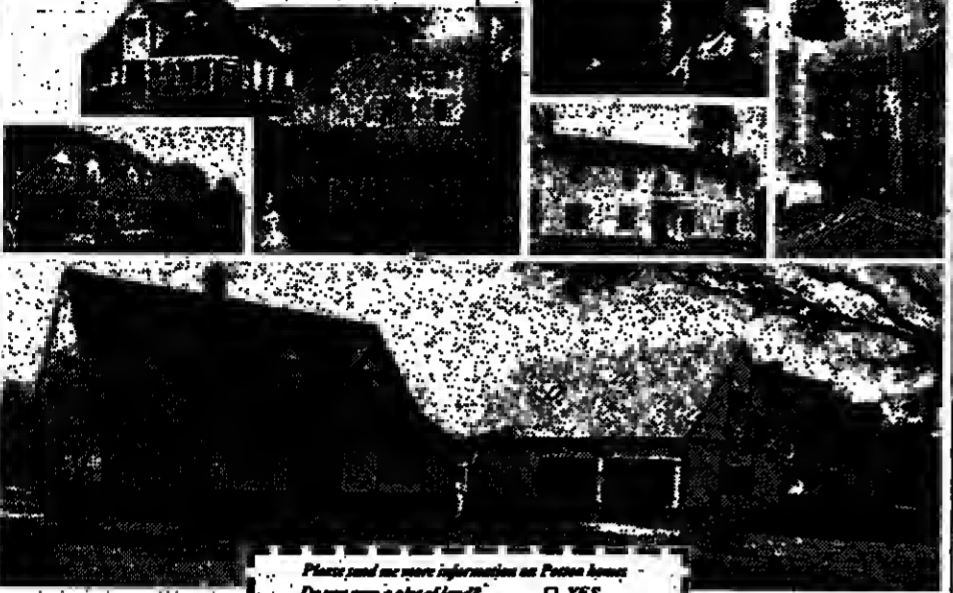
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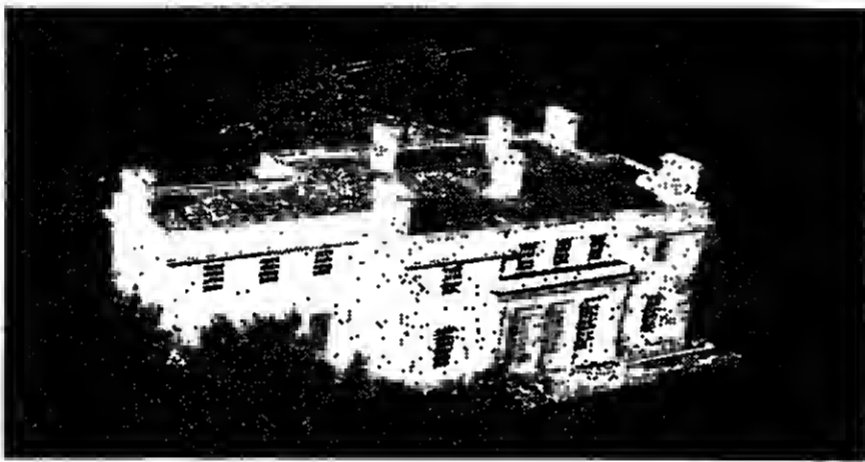
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RENTALS



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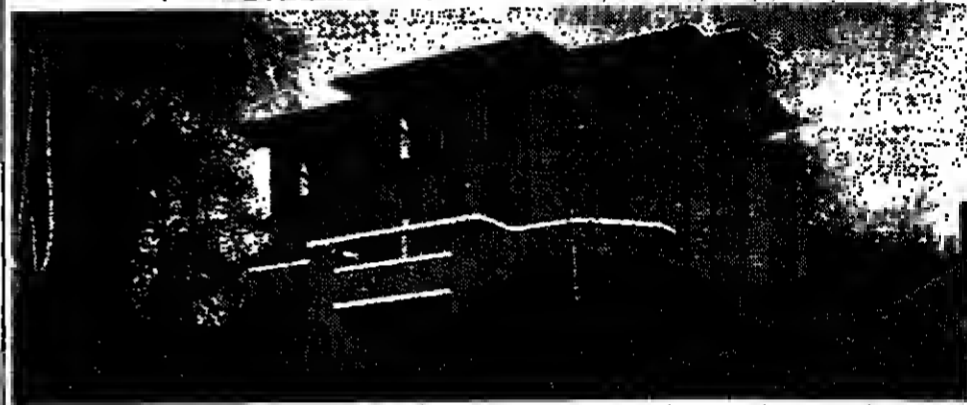
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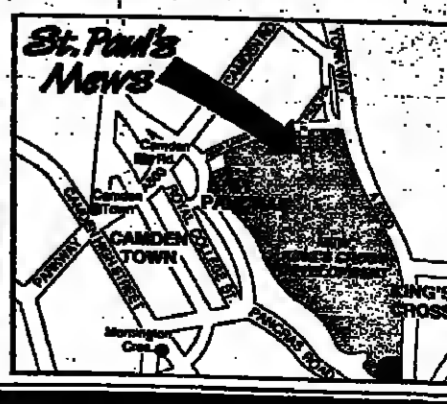
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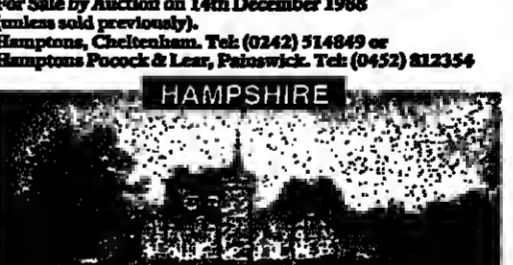
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GARDENING

Neglected bedmates

Robin Lane Fox shows fidelity to one of the garden's long-lost causes: the wallflower

WEATHER PERMITTING, it will be wallflowers for me this weekend. Twenty years ago, they were not exactly fashionable. They took up time and space; they looked straggly; they were bedded out in blocks and gardening was the one area in life where people had some of the time of the 1950s. Perhaps we had short memories. All the while, wallflowers had a history, a particular charm and a much simpler use. Six hundred years ago, they were not the emblem of shy non-participants. They were the symbol of courtly love and had been the famous throughout Europe by a story of bedding which went badly wrong.

Up in Scotland, young Lady Elizabeth of Neidpath Castle found herself betrothed to a royal fiancé, son and heir of King Robert III. While the engagement dragged on, a third party slipped in beneath her window, Scott the wandering minstrel who sang her a sweet and mischievous song. She heard, she surrendered and to show her agreement, she pulled a sprig of wallflower from the castle's stonework and threw it down to show that this particular wallflower was willing to wall-hop and elope

on to the moor. On the appointed night, she started to panic, failed to secure her rope ladder and fell to her death. Young Scott's heart was broken and he wandered through Europe, singing songs of sad love and starting a fashion for wallflowers as the symbol of fidelity to a long-lost cause.

There are two views of what happened next. One is that young Scott roamed on to Australia where he finally found his niche on the telly and is about to make the wallflower next year's symbol of good neighbours. The other, which I prefer, is that the types of wallflower blossomed in Europe behind him and that this old family is much too charming for us all to ignore it because we do not think how to use it best.

It has taken me years to realise that wallflowers do not bed on their own. They are ideal companions for beds which are already occupied. Last year, we bedded blocks of wallflowers into our long Oxford college border in between the dormant herbaceous plants of summer and autumn. Their roots are shallow and take up little space. The plants flower better if they are not well fed; they make magnificent patches of

colour before the border's act begins and after flowering in May, it is tremendous fun to pull them up and throw them away.

Strictly, wallflowers should be planted into their flowering quarters by early October. As the border is still flowering, we wait another month, move them late and do not mind if a few of the plants are hit by frost. As they are filling gaps, their groups look better if they are irregular. They have quite changed my view of herbaceous borders. No longer do we need to sit and enthuse about the red flush of promise on the young leaves of peonies in spring. Wallflowers, planted in groups, light up the gaps and double the season. You can copy the idea in any flowerbed and buy some ready-grown plants for bedding now. They are not just fodder for a window box.

They also have such a wonderful scent. For once, modern seed-mixtures have not lost an old quality and even a mass of Persian Carpet wallflowers has a heavenly sweetness on a warm spring day. For border-bedding, not only at Neidpath Castle, blocks of single-coloured wallflowers are sweet and satisfactory when grown



from seed sown in early June. Avoid the hard yellow-orange and think of contrasting blood-red ones with the lovely whites.

There are also some old perennials which have lasted for centuries and are now becoming a cult. In odd spots, I like to have one or two of them and cut them back hard after spring flowering. Then they throw up dozens of young side-shoots, rooted cuttings of the future, and flower a second time in autumn. They like poor soil and a warm place, but we have been deterred by the best known, the old Harper Crewe, a double yellow which is not particularly appealing. For years, the names of other varieties were a lament for lost or forgotten flowers, but they

have started to return to the catalogues of smaller nurseries and I urge you to grow them for this particularly quality of scent. Be wary of the multi-coloured forms with names like Jacobs Jacket or "Mutabalis," (correctly I believe, the name of a tender wallflower from Madeira). The ones to try are the ever-flowering Bowles Manve, a pale silvery-lilac called E.K. Elmshurst and the famous Old Blood Red. Ramparts Nurseries of Colchester, Essex, lists them all, but the latter two are my special favourites. Only last week, they were still in their second flowering, showing flowers with that heavenly scent on the cold, clear air, long-lost, in its own way, but now available again to faithful gardeners.

Scarlet berries before the holly arrives

IT HAS LONG been a puzzle to me why the seed of some of my cotoneasters germinates of its own accord all over the garden whereas other kinds never give me a single self-sown seedling. The most prolific of the lot is *franchetii* which is not a bad thing since it seems to be a naturally variable plant and scarcely any two seedlings are precisely alike.

All have long slender stems and scarlet fruits but the leaves, each about the size of a 5p piece, differ little in shape and in the precise difference between the glossy dark green upper surface and the greener, more matt underside. Some arch out widely, others are more erect at least when young and a few produce vivid copper red leaf colour in the autumn despite the fact that they are evergreen. So I am always tempted to keep everything that turns up in the hope that it may prove to be an improvement on anything I already have. But clearly this is impractical so I retain just a few that look most promising.

I recommend *Cotoneaster franchetii* to all gardeners who have space for it or are prepared to replace plants as they begin to take up more space than can be spared. This is what I have just done with *spicatus decorus*, my favourite cotoneaster, because it retains its scarlet berries right through the winter since birds never eat them. Maybe that is why they never seem to germinate of their own accord.

My experience with this cotoneaster is an example of just how difficult it can be to give precise descriptions and recommendations about plants which grow wild in very remote places in which they have never been studied closely and from which they have only been introduced once or twice. Kingston Ward, who collected the seed in Tibet in 1915, described the plant as being pressed close against the rocks. Some of the original plants raised from the seed he sent home were low growing but others grew quite tall.

My first plant refused to produce any berries at all but Sir Frederick Stern gave me a seedling from his own dome-shaped bush in his chalk-pit garden at Highdown in Sussex and this is the one that has

fruited so well for something like 30 years. Unfortunately, though dome-shaped and dense like the Highdown plants, the dome got ever higher and wider and eventually threatened to engulf the lawn so I had to go. I was sure I would find at least one seedling to replace it for it must, in its lifetime, have produced millions of berries, but there was not one.

I was pleased to find it last



Arthur Hellyer sings the praises of cotoneasters

franchetii but I have never noticed any significant variation in them and certainly never one with variegated leaves. Yet it has a number of uses in the garden since it will spread itself against any firm surface with which it comes in contact. Plant it beside a manhole and it will spread like a carpet right over the top, but unlike a carpet it will be rigid and so will make it very difficult to lift the manhole cover. I wonder whether those who so often recommend *C. horizontalis* for this purpose have actually used it themselves.

Plant it against a wall or fence and it will fan out vertically and soon give a comprehensive cover without need for a single tie or any other support. But, as the years go by, it will spread forward layer upon layer and it is not easy to restrain it by pruning without spoiling its natural beauty. I have it under two of my cottage windows and occasionally wish I had not put it there.

Some cotoneasters will, in time, grow into trees. The largest I can recollect seeing is at Coletton Fishacre, a splendid garden made in the 1920s in a Devonshire coombe not far from Brixham and now in National Trust care.

It is full of fine trees and shrubs, among them a *Cotoneaster walteri* which I estimate to be a full 20ft high and 40ft through. This name is used for hybrids between *C. frigidus* and other species, all of which make large plants mostly with quite big leaves that only drop a few at a time or in very cold winters so far practical purposes can be regarded as evergreens. Some of the best forms have been given distinguishing names such as *John Walter* and *Corumbia* with red berries and *Eschurtensis* and *Roschidimens* with yellow berries.

All these are for big gardens only, unless they are pruned as small trees each with a single trunk and a spreading head of branches. By contrast *Cotoneaster thymifolius* is the baby of the family, little more than a foot high and not likely to spread far. It is a charming little shrub with small dark-green leaves and brilliant scarlet berries that can be planted with confidence in the smallest of patios.

I WAS extremely cross with myself recently because I had to undo all the knots joining my new fishing line to the equally new backing line. I could shed some of the responsibility onto the poor quality pictures I was using of Mr Allbright's Knots put me right - and also put me into unaccustomed poor humour.

A busy life for the past 35 years has prevented me from fishing seriously - and fishing now is a serious business. My interest was rekindled last autumn when we were in the Dordogne. We were staying in a wonderful hotel on the banks of the Vézère. But if only I had brought a rod and line, what a peaceful holiday I might have had, it is perfectly respectable to sit all day on a river bank with a decent picnic and a book in the pocket - provided you are equipped to fish.

Visits to Lincoln's leading purveyors of fishing tackle

were needed to seek out the right kit. Steve, a genius in these matters, had in mind something around 10ft long, that would cover sea trout as well as the trout of Rutland Water and would serve also on larger rivers. A weight of 7 or 8, he suggested, would be right, with suitable reel and line to match. And ceramic rings so my casts would not wear them out too quickly. There was my wife to think of, Steve had the answer - a neat little job of 8 1/2ft and weight 4 or 5, balanced with the right reel and line.

And I distinctly remembered my father's little hook rod; even allowing for youthful distortion, it could not have been more than 7ft. And what about

travelling? Perhaps the 7ft had better be a Hardy Smuggler which breaks down to six pieces, weight 5 and reel. I noticed some splendid two-handed fellows: they were very long indeed and suitable for salmon fishing in Scotland. Steve explained that 13ft 8in, weight 10, would be just the ticket. And what about a reel for it?

I have gone the whole hog - Hardy de luxe carbon fibre fly rods and Hardy reels. This is not for me, you understand, more in the way of a legacy for the grandchildren.

The confusion started when it came to the line: it used to be silk, treated for the prevailing conditions. But now - dry fly floating, wet fly sinking,

sink tip, combination floating/sinking fly lines in a variety of weights, tapers, lengths and colours. It has to match your rod, reel and fishing conditions and that means every rod must have a wet and dry line.

No problem with the backing line on the spool enough to add to the 25 metres of fly line to give the fish a run. Just knot it to the fly line. There are 28 knots in Hardy's useful little book with incredible names like Spider, Grinner, Spade End, Turlie and Allbright. The latter is for joining lines of unequal diameters.

You will have calculated that for four reels plus spare spools, backing lines, wet and dry fly lines, there are eight Allbright knots. These I made

with care; they were drawn up tightly with a lubrication of spittle as instructed and finished off with a coat of nail varnish. The fly line was then wound carefully on to the reel ready for the attachment of the leader.

I put the leading end through the loop the wrong way, as a result of which there are eight Allbrights, beautifully varnished and nesting well within their respective spools, which have to be remade.

I have plans to go fishing on the Derwent and Wye with friends. Unfortunately, they know a lot about the sport and so I need to put right things that are wrong. Before then, I think I will buy a small bottle of clear varnish. Our friends might have doubts about things if they saw my elegant Christian Dior Rose Antique-coated knots.

Bobby Robson

Fishing How to get knotted

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old rose fragrance and are, appropriately, pink in colour - a clear rich glowing pink, the petals having a silky texture. It is such a rose as one might find in a painting of one of the old Dutch masters. The growth is strong and upright to about 3 1/2ft. in height. They believe it to be a rose worthy of bearing its famous name.

David Austin Roses takes this opportunity in congratulating the Financial Times on their centenary.



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Diversions

Chunnel borers race the clock

Christian Tyler inspects the digging at both ends and discovers that confidence seems intact despite delays threatening the 1993 deadline

"What matters it how far we go," his scaly friend replied. "There is another shore, you know, upon the other side." "The further off from England, the nearer is to France." "Then turn not pale, beloved snail, but come and join the dance."

Leavis Carroll

STANDING in his gumboots at the bottom of the highest hole in Europe, Gerard Vidal, the man in charge of the French end of the Channel tunnel, jerked his thumb over his shoulder. "England," he said. Water seeped through the putty-coloured chalk and lay in pools on the ground. Vidal splashed a few yards on and paused. "There seems to be a rule of nature which says the easier the geology, the more difficult the site - and vice-versa, of course."

drawing on the £5bn of sterling, franc and dollar credits it has with 200 banks. In that year, shareholders' cash has shifted a lot of muck on both sides of the world's busiest waterway. It is now almost inconceivable that the Channel tunnel, started and abandoned twice in the past 100 years, will not happen. Whether it happens by the advertised date of May 15, 1993, is another question.

In spite of the alarms of recent months - Eurotunnel's public wiggling of the contractors' consortium, Transmanche Link, the penalties it has imposed on the consortium for lack of progress, and its cost over-run of 7 per cent - confidence in the project seems undimmed. In recent days, Eurotunnel units and warrants have actually been trading above their issue price.

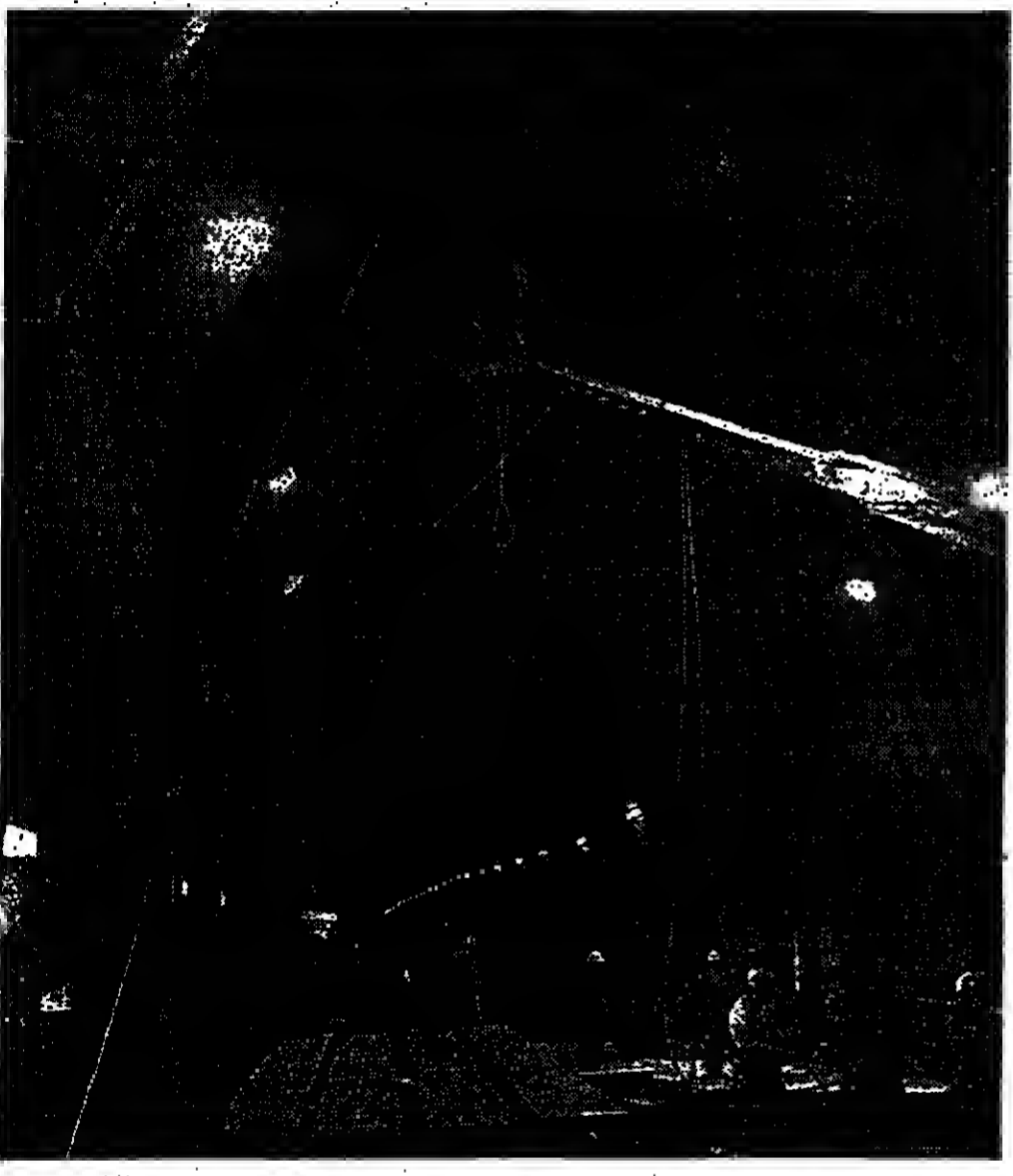
law of nature was not idle speculation. So different are conditions and appearances on either side of the Channel that the innocent spectator might easily conclude that the British and French are engaged on different projects. The English have the easy digging (although wetter than expected) on an awkward, two-storey site at the Shakespeare Cliff, near Dover. Above, on the cliff-top, is the construction army's camp - still expanding to house the many migrant workers from all over the UK. A narrow shaft drops to the subterranean workings, but most of the equipment is still being ferried down a ramp cut through the cliff to the sea-

shore, and thence underground by rail and road. At the foot of the cliff, the men are working from a platform built out of the soil scooped from the tunnels below. The faster they go, the more space they make for themselves. Eventually, they will have added a 60-acre promontory to the hottom right-hand corner of Britain. Below ground, the chalk marl is perfect stuff for cutting. Well, almost perfect. There is more water than was predicted and the laser-guided, worm-like tunnelling machines have had to be modified. Because of the water, the seaward service tunnel (smaller than the twin train tunnels that will soon be started either side of it) is about 1.5 kilometres short of the 5km mark it should have hit on November 1.

However, the English workers, like the soothing public relations men of Eurotunnel, are shrugging off this early delay as inevitable teething trouble. They expect to be two-thirds across the Channel before they meet any Frenchmen coming the other way. Colin Campbell, senior shop steward of the Transport and General Workers Union, said: "By the time the French fight clear of their bad ground, we'll be down and running. And I have to admit the lads down there are not going to take

prisoners. It's a race, and it's a race that puts money in their pockets." Tunnel miners working at the chalk-face (invisible, however, behind the borer) are earning between £600 and £700 a week, thanks to bonus schemes that Campbell and his colleague Ken Bolton, of the building workers' union UCATT, keep under constant review with the site management. When everything is going to schedule, they could be pulling down £1,000 a week.

and have not improved much since, according to union leaders. Some say it is because Taylor Woodrow is hard-nosed even by the standards of civil engineering contractors, others that building site conditions are being applied to what is essentially a factory. Some blame personality clashes. "To put it bluntly," said one shop steward, "both sides need a good kick up the arse."



Underground at the English end of the Channel, where unexpected wetness has been a problem

Exploiting English

IS THE English language a great and powerful force for good that should be spoken throughout the world? Has it a better chance of becoming the really universal language than has Basic English, Esperanto or any other invented tool of communication? Is Anthony Burgess, novelist, linguist, polymath, right to assert that his patriotism is to English, not to England?

The BBC and the British Council reminded us recently how valuable a national asset the English language is and how effective they are as exporters of it. (The BBC's World Service broadcasts more than 72 hours a week of English by Radio, teaching programmes which are re-broadcast by 300 radio stations in 90 countries. Each year, the British Council helps a quarter of a million students around the world to learn English.) The BBC World Service organised a seminar on English: A Language for the World for 50 language experts from the academic world, commerce, diplomacy and publishing, and Richard Francis, director-general of the British Council, published the text of a lecture on 1992 *And All That - The Currency of English*.

There is no doubt that English is now a world language and little doubt, except among the French, that it is the world language. Francis reports: "By best estimates, over 300 million speak English as a mother tongue. Another 300 million use it regularly as a second language. A further 100 million speak it fluently as a foreign language. 700 million in all... and double what it was 40 years ago at the end of the war."

It has become the principal working language of the United Nations and NATO and is the international language of business and finance, science and technology, space research and cybernetics, air and sea

transport and telecommunications. As the Duke of Edinburgh put it when he opened the seminar: "It really is too late to suggest that it might not be the most appropriate language, or that it is awkward to pronounce and its spelling is irrational."

In spite of its drawbacks and of the differences between British English and American English, it works. Robert Horton, managing director of BP and chairman of BP America, did not claim for it any moral superiority over any other language. It prevailed and grew.

James Bredin discusses its virtues as a world language

he told the seminar, because of its utility. "When Korean executives do a deal with Italian businessmen in Bangkok, they use English" and "When a German pilot lands his plane in Istanbul, he talks to the control tower in English."

English was a world language because of the sheer size of business created and run first by Britain and then by America, and because "30 per cent of the world's information stored in computers uses English as its medium of exchange."

Tim Eggar, Under-Secretary of State at the Foreign and Commonwealth Office, saw English as the language of negotiation in an age of multi-lateral diplomacy. He pictured the British as "skilled conciliators, honest brokers, natural diplomatic middlemen" and added: "This is much to our advantage. The player who is also an acknowledged broker, the deputed drafter who also has a stake in the outcome of the draft, is well placed to ensure that his own interests are safeguarded."

There are dangers, of course,

as well as advantages in all this. The language of diplomacy, for example, does not always work to the advantage of the language. Sir Anthony Parsons, former UK Permanent Representative to the UN, warned the seminar that English as spoken there is not the language of Shakespeare and of Milton but a pedantic dilution because its vocabulary is reduced too often to the words of the UN Charter. "At the UN, you don't decide, you recommend," said Parsons. "You don't order or demand, you call upon. There have been 150 wars since 1945 but you call them breaches of the peace."

It is inexcusable of us to rely solely on English as our means of communication. Since so many of us do, a growing number of people around the world resent "the imperialism of language" - to quote Kenyan novelist Ngugi Wa Thiong'o. He told the seminar, politely, that English was resented by many because it had replaced their mother tongue. He proposed that Swahili be adopted as an international language. It was, he said, a language that had never been imposed on anyone and "it was not built on the graves of any other language."

It is very easy to ignore the language now spoken by more people than any other. We should recognise, as does Richard Francis, the strength of Chinese as a potential universal language. It is spoken by more than 1,000m people, and when China, as it will, breaks out of its self-imposed isolation, Chinese and English will be the two languages of the Pacific Rim.

The move, now beginning, of the centre of world power from the First World to the Pacific Rim changes Britain's perspective. As Francis put it: "Britain's real black gold is not North Sea oil but the English language... The challenge facing us is to exploit it to the full."

the English and French. "It's not a rugby match," he said, taking out his pen and drawing a quick learning curve to demonstrate that the delays are not alarming. "See, we are less than 2 per cent out." Side-stepping into a contradictory metaphor, he added: "It's like for a baby: the first steps are the most difficult. Afterwards, it will be like Ben Johnson."

Both sides suffered minor stoppages from labour disputes early on. The Communist-led CGT union in France called one strike, described by an off-

icial of the rival FO as a quasi-political attempt to reinforce its case for recognition. There was also a two-day stoppage over working conditions.

Georges Laporte, the FO official, said he was very unhappy with the bonus scheme and the money the workers have forfeited. The French unions are in negotiation now for a 2-3 per cent pay rise and changes to the scheme that they do not apparently expect to get. However, he admitted that relations with the management were not too bad. Was there any danger of serious labour unrest? "There is always a danger that's in the hands of the management. But the position of the FO is that a strike is the last resort."

It might come as a surprise to those who remember the big construction projects of the 1970s to hear that labour relations at Shakespeare Cliff are exceptionally good. Union officials use words like "excellent" and "superb." Bob Blackman, construction officer of the TGWU, says: "Because it's the Channel tunnel, it's like working in a goldfish bowl. Obviously, everyone was interested in making sure that things were ironed out at an early stage."

If there is a weak link in the Chunnel project it is miles away from the site itself, at the Isle of Grain in north Kent. There, Transmanche Link (effectively, Taylor Woodrow in this case) fabricates the concrete sections for lining the tunnels. Labour relations at the Isle of Grain started badly

'It is now almost inconceivable that the tunnel will not happen'

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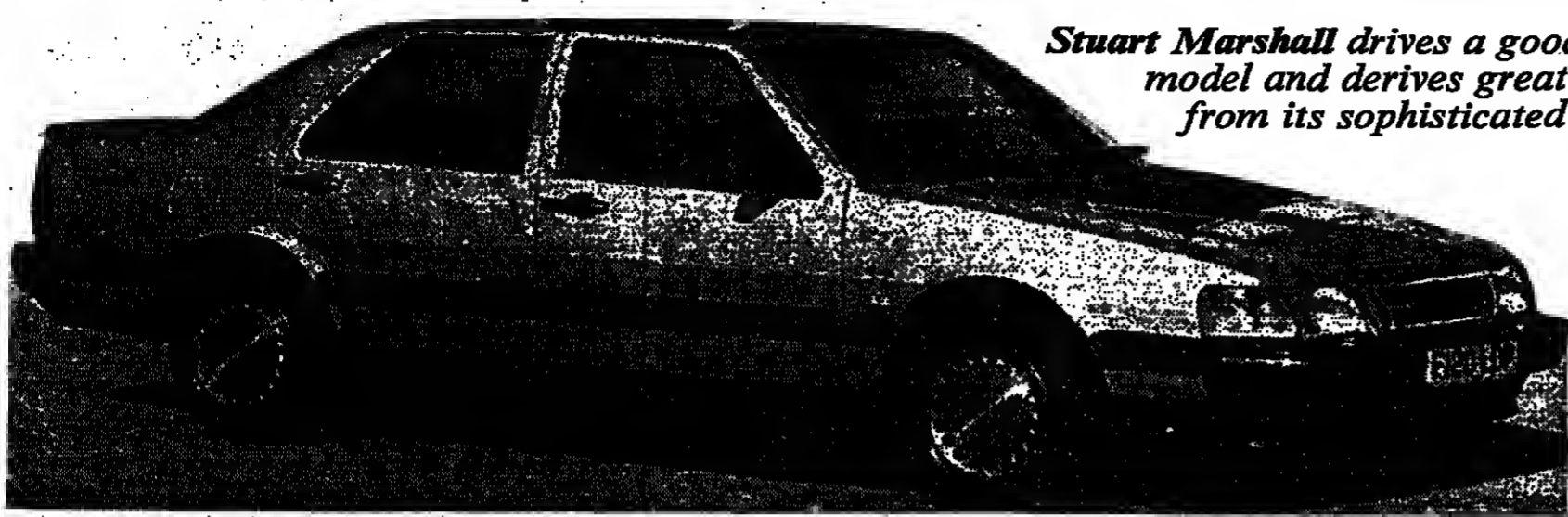


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MOTURING

Manners make this Saab just super



Stuart Marshall drives a good-looking Swedish model and derives great satisfaction from its sophisticated responses

But what is Saab to do? It makes fewer than 150,000 cars a year and it would be unwise to expect it to fund the development of a brand-new V6...

However, the turbo-charged, inter-cooled two-litre six easily in Saab's latest sporting 9000 hatchback, the 147 mph (236 km/h) limited edition Carlsson...

When I drove a few laps of the Jerez racing circuit in a Carlsson, it felt like a Porsche 944 Turbo with lots more room inside...

There is a chance to look round the plant and have a meal before driving off in the car to Calais or Boulogne with 50 litres of fuel in the tank...

Mercedes offers a German jaunt

S.M.

There are, I suppose, broadly two kinds of drivers of executive cars in the £15,000 and over price range...

The new Saab 9000CDi I tried in Spain last week would probably disappoint the former and appeal very strongly to the latter.

It is a fine-looking four-door saloon, efficient aerodynamically without going over the top about its air roamy enough to hold four or five people and their luggage in comfort...



Man and machine: Erik Carlsson with Saab's sporty hatchback

because the 9000CDi's two-litre, 16-valve, four-cylinder engine puts out 135 horsepower. This is adequate, but no more, for a 1.5-tonne motor car...

the 25 mph (40 km/h) per 1,000 rpm fifth feel the right gear to be in. At 4,000 rpm and above, often seen in the lower gears, you are never in doubt that the Saab's fairly small capacity engine is working hard...

Having got that out of the way, I have to say the Saab is a super car to drive. Pure enjoyment, really, for the man or woman who feels the gear lever is there to be used rather than something on which an idle hand can be rested.

The suspension (aided by new varieties of soft-riding, low-profile tyres from Michelin and Goodyear) does a marvellous job, absorbing shocks and thumps but allowing almost roll-free fast cornering...

windows or a sunroof and are prepared to adjust the outside mirrors manually from inside the car. If you come in the just-under-£18,000 company car class, the CDS has these and other features at £17,995.

Higher up the range, a most luxuriously furnished CDE costs almost £28,500. For this model, Saab resorts to turbo-charging and inter-cooling the same basic two-litre, four-cylinder engine to boost output to just over 200 horsepower...

There is a chance to look

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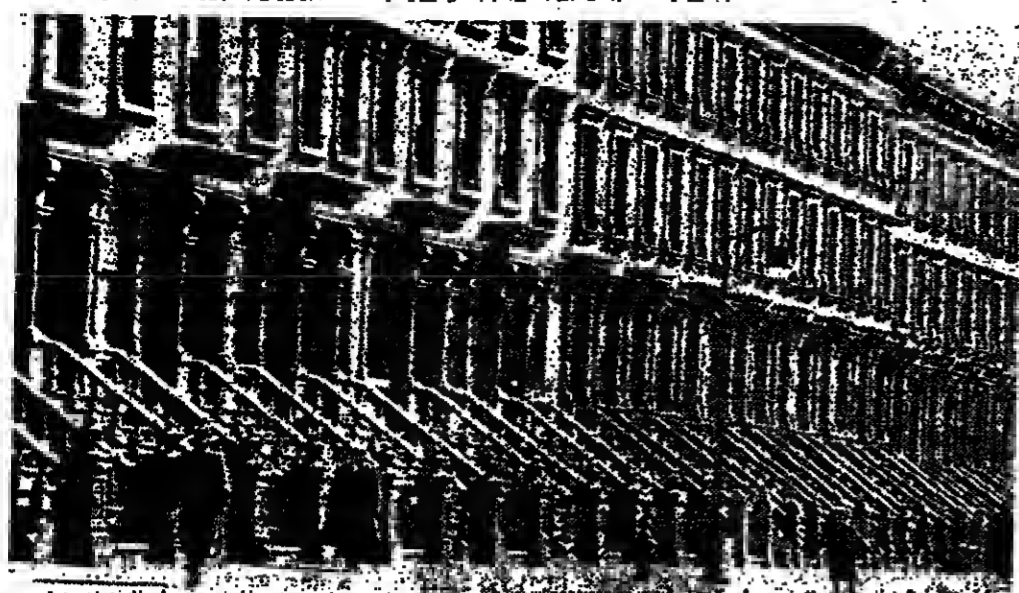
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BOOKS/DIVERSIONS

Down the close, darkening lanes

As we mark Remembrance Sunday, Nigel Spivey describes his own pilgrimage



A row of brownstone fronts in West 46th Street, typical of those that once occupied many square miles of New York City. It is one of the illustrations in Alfred Kazin's fascinating 'A Writer's America: Landscape in Literature' (Thames & Hudson, £15.95, 240 pages). The novelist Edith Wharton, a selection of whose letters is reviewed below, grew up in very similar surroundings.

Letters that reveal a woman of feeling

Geoffrey Moore on American writer Edith Wharton

LIKE ALL the great American novelists, Edith Wharton (nee Newbold Jones) was as good at writing short stories, and that is how she began, in 1899, with the collection she called 'The Greater Inclination'.

THE LETTERS OF EDITH WHARTON

edited by R.W.B. Lewis and Nancy Lewis

Simon & Schuster £16.95, 645 pages

When Edith Wharton met him in 1897, he was 42 and she was 25. Her marriage to Edward (Teddy) Wharton, a Boston banker, 14 years her senior, was not going well.

was the already-married Walter Berry who was to become her chosen (although platonic) companion when she visited the Berensons at Tatti. After the First World War, Edith settled down at St. Brice-sous-Forêt, where she lived in great splendour with an army of servants until December every year.

THERE IS no shortage of mud in Flanders as agricultural vehicles trundle from one massive field to another, leaving no minor road unmeasured.

It must be this, the force of these very particular images, that retained the First World War as the Great War, even for someone of my generation.

motor down to Béthune by dusk and find a room in town. Béthune, after all, was once the place behind the lines most favoured for rest and recreation of sorts.

I first became aware of this force when driving from Paris to London last year, eschewing the motorway and taking a less rushed route through Picardy: Amiens, St Omer, Calais.

in the morning when I passed through the entrance to Tyne Cot, a British cemetery and memorial some little way south of Passchendaele.

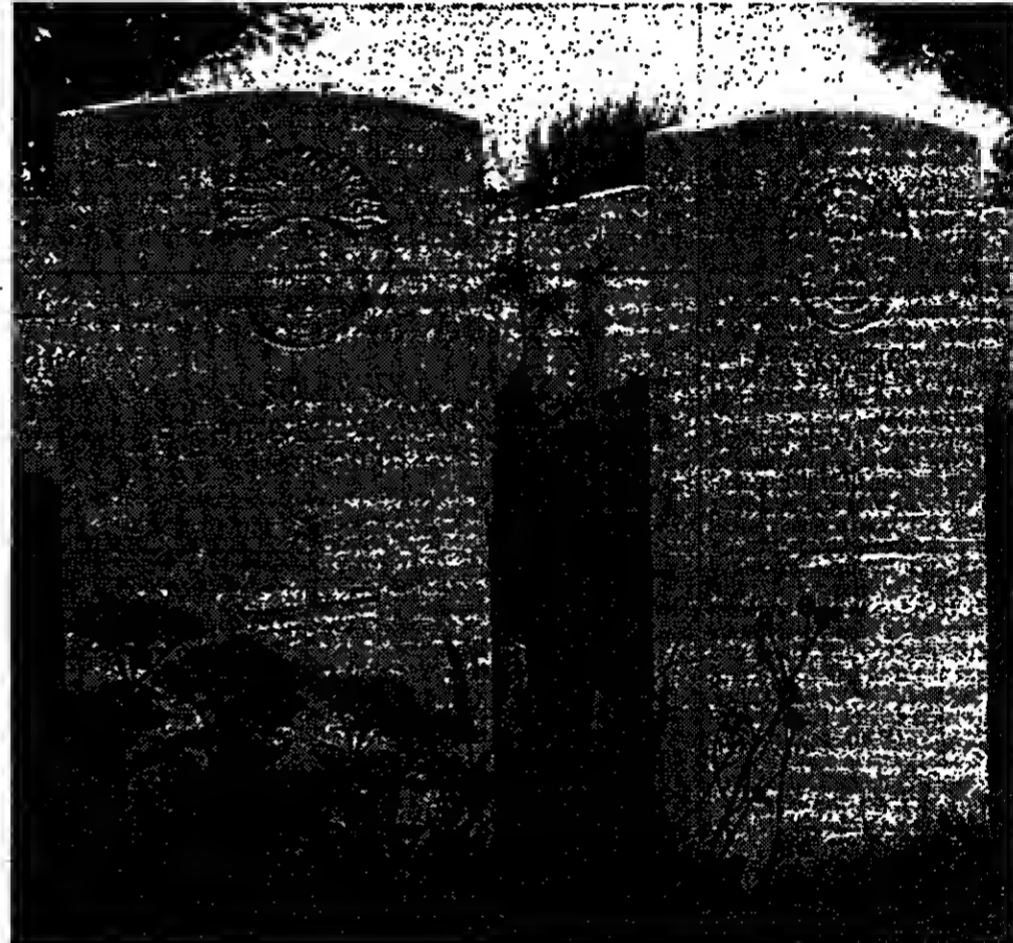
Le Touret, and many like it, are still places that must move whoever lingers in them. But I did not yield to tears until later

thread of something like patriotism in the sensation. On Passchendaele Ridge, the air sweet with camomile, I composed myself. I identified one reason why the collective memory of this battleground, and of the Ypres salient and the Somme generally, is so strong: because the fighting stuck so wretchedly to certain places (Hill 60, Hellfire Corner and so on), and hence became proprietary to its own landscape.

Within the Cloth Hall, there is a museum. This - and the same goes for the numerous clones it scattered throughout the area - is for true gourmets of the morbid. To inspect dumplings dressed in various

national or regimental liveries, to compare bullets, insignia and grenades, might intrigue some; personally, I have no taste for it. And it nauseated me to see, at the Canadian Battleground Memorial on Vimy Ridge, a party of Inner London school-children scampering around the fossed trenches, some simply for fun, others conducting some sort of project - judging distances, assessing strategies.

The words which were probably Wilfred Owen's last kept returning to me: "Dead here, he is being as surrounded here." Fine there, I understood why Owen - and others like him - actually chose to go back to the Western Front even when wounds or shell shock could have given them a perfectly valid reason for staying to convalesce in Britain.



A poignant reminder of a savage war: Bailleul Road East Cemetery, near Arras

A catalogue of conquests by a poet of the impolite

JOURNEYS THROUGH THE UNDERWORLD

by Fiona Pitt-Kethley

Chatto & Windus £13.00, 224 pages

AS A calculatedly outrageous guide to southern Italy, this book reads as though Cassanova had let rip on a Baedeker guide. It is a freebooter's romp through the Mezzogiorno, a catalogue of conquests amorous and aphrodisiac.

of the facts and legends of the slybits, those most influential women of the ancient world. For Pitt-Kethley is much less a slybit than a siren; what follows is a string of lewd anecdotes and devastating asides, often extremely funny, about the apparent shortcomings of the Italian male - particularly his susceptibility to mazzinismo, a retarded affection for mother.

Kethley has all the sensitivity of a female lorry-driver. But the obtuseness is, of course, an affection; and affected, too, is Pitt-Kethley's chosen way of travelling. She stuns it checking in the grimiest of hotels, hunching out of battered carrier bags, curling up on the benches of station waiting rooms.

Bridge

TODAY'S HANDS are from duplicate pairs of high standard, although the dummy play might make you think otherwise. In this hand, I was East:

Hand diagram for Bridge showing cards in North and South hands.

North dealt at love-all. South started with one diamond and North replied with one spade.

not gain a trick but he saves a tempo. He makes the diamond knave, crosses to the spade queen, cashes the diamond king, concedes one diamond and makes an overtrick.

Hand diagram for Bridge showing cards in West and East hands.

North dealt at game to North-South and, after two passes, South opened with two no-trumps. North raised to three and all passed.

Crime

IN A Month of Sins by M. R. D. Meek (Collins, £9.95, 208 pages) a solicitor goes off to Cornwall with the woman of whom he's fond but can't make up his mind to marry (she is even more undecided than he), hoping to reach a decision.

self (through a series of coincidences) investigating a mysterious disappearance, a murder, and other assorted misdeeds. Much of the time, she has her engaging Oriental friend, Peter Chen, along with her. The focus of their attention is a boy's school, a far cry from Dickens. Paced beautifully, the story is given unity by the dominant and attractive figure of Rosa; but the minor figures are also sketched nicely.

gets him into trouble. The reader's heart will be with him; but the reader's head inevitably will follow the acute reasoning of the harassed Crown Prosecutor.

Declerq played dummy's three. I played my seven and South ducked - a bad move. Clearly, I held one club honour - West would not lead low from king, queen and knave. South should win, knowing that the suit would be blocked.

William Weaver

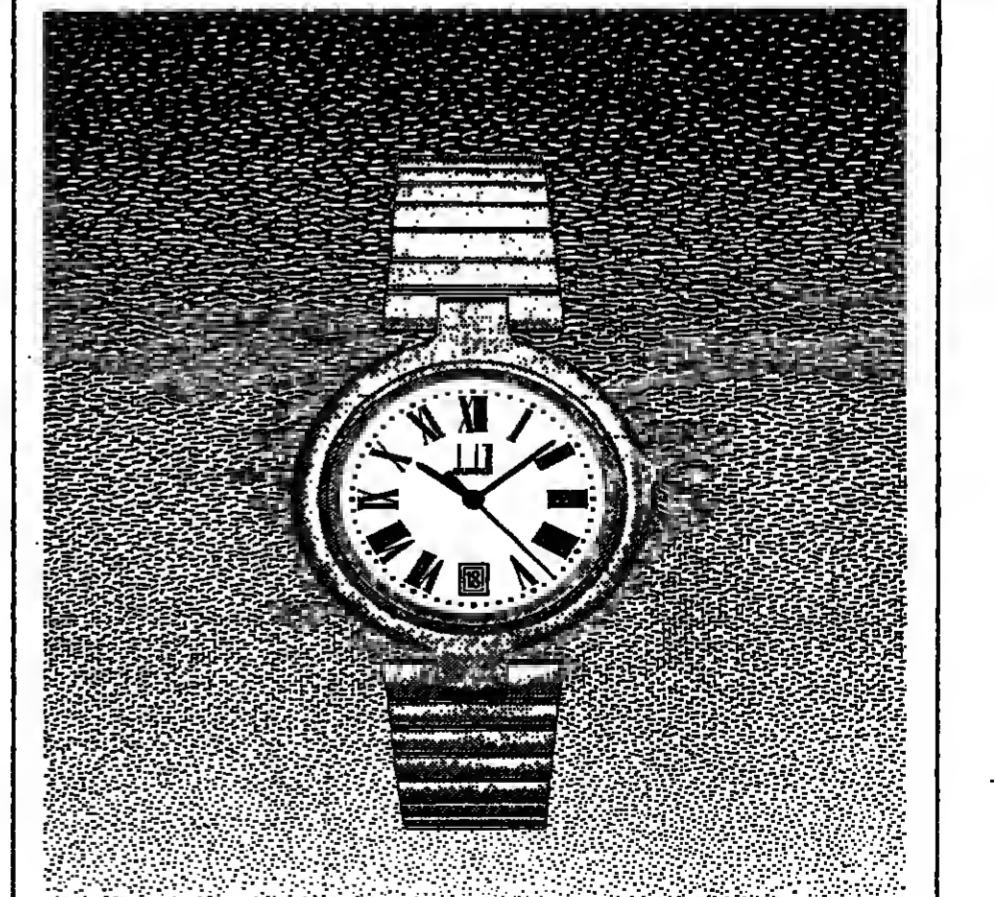
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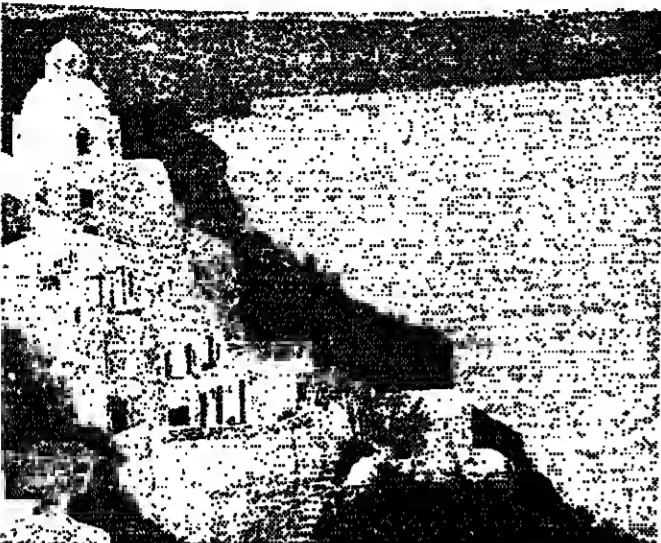
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DIVERSIONS



Thira, a town perched on the volcanic cliffs of Santorini

Archaeology

A vast blast in the past

ACID RAIN and snow in Greenland, frost damage to pines in California and weak annual growth in oaks in Ireland are the startling combination of evidence that allows us to spot a major volcanic eruption in the mid-17th century BC. We can date it by counting ice layers and tree rings. We can also explain how the eruption affected the weather. But can we identify the volcano?

The 1628 to 1626 BC date for frost damage has had a splendid confirmation in a Belfast study, published this year, of ancient oaks in the bogs of Ireland. The Irish trees do not show frost damage but they do have much reduced ring widths in the 1620s BC. Again, a veil effect is thought to be the cause. So, Irish oak and Greenland pine and probably Californian ice combine to show that the changes in weather in the mid-17th century BC were a worldwide event - or, at least, one that covered the whole northern hemisphere.

TRAFFIC JAMS are good for us. This is the message from Transport Minister Peter Bottomley, who feels that snarls are symbols of economic prosperity. And no-one would agree more than makers of portable business equipment, who are getting rich as we try to do business while battling with an overloaded transport system.

One advertisement in a Sunday supplement, for example, attracted more than 4,000 enquiries for a portable facsimile machine. Rascal Vodafone, one of the two competing cellular telephone networks, has just been floated on the stock market with shares oversubscribed eight times.

An office to take home with you

Portable business systems are becoming de rigueur, reports Peter Knight



Take the cellular telephone service, for example. There is heavy congestion in south-east England, which makes it difficult to get a line at peak times and easy to find yourself crossed with another conversation. Some more remote parts of the country are not covered very well and you will, for instance, get pretty shoddy reception driving through the Welsh mountains.



DRAWINGS: James Ferguson

process by hitting a few buttons. The software will take note of any interruption to the telephone service, such as being cut off while travelling through a black spot, and re-dial the base computer when service is restored. Information is then stored automatically and can be printed when the driver is free to push paper into the little printer. Hawes hopes eventually to include a facility that will send a facsimile automatically to any fax machine, direct from the portable computer.

and the fax had to be wired into the car's power system. Now, a fully-portable and battery-driven fax, called Microfax, is available from Centra Electronics. The Microfax can be connected to any telephone either plugged into a conventional BT socket or connected via an acoustic coupler to a payphone or cellular phone. This means you can send typ-

or handwritten information to any other fax in the world from virtually anywhere. The majority of business people prefer fax to word processors because they can scribble instructions rather than having to type. The Microfax works well, although it reads only A4 paper and has difficulties sending low-contrast print, such as press cuttings. Fine drawings or small print are handled adequately as long as the contrast is strong. The Microfax's only other obvious problem is a troublesome paper feed. Each page to be transmitted has to be fed in by hand. It is difficult to fit the paper absolutely true; which means it is often sucked in skew and has to be re-sent.

Otherwise, though, the machine works well and takes up little space. The suppliers offer after-sales service including a contract that guarantees to replace a broken machine during repair. The Microfax also is available under different brand names from other suppliers. Lap-top computers, an integral part of any portable office, have improved considerably over the past year. New models, including those from Compaq, Epson, Tandy and Toshiba, are supplied with enough memory and storage to be used in the office and while travelling. LCD screens are still their weak point but new versions are easier to read and give an acceptable display for short periods of work. Most models will also drive a conventional high-definition screen when the computer is powered from the mains.

Food for Thought

Really nutty story

AMERICA leads the world in making a science of what is used to be art. Peanuts are a case in point. Of course you don't need me to tell you that they grow peanuts much more scientifically in Georgia than they do in, say, Malawi or China.



how much we do to it in the way of biting and chewing. Back to peanuts. The unattractive or "off" flavours seem to be more crisply characterised by Gilville's panel, who isolated cardboard, painty, fish, burnt, plastic, earthy and fruit-fermented as flavours they could detect in less than perfect nuts. Their positive or "on" vocabulary was a little less colourful of course. Roasted peanuttiness, raw beaney, dark roast, sweet aromatics; these words give the whole preceding a touch of coffee jargon - except for that "roasted peanuttiness". It seems that the most exciting



and favourable thing people could detect was that the thing tasted of itself. "Peanuttiness" carries nice overtones for people who like peanuts but not necessarily for everyone. My mother brought me up to think that peanuts are rather common. Although I have kissed girls who smelled of gin, crisp and cigarettes, I could never thankfully embrace someone who smelled of peanuts, which is often the case after parties. "Common" does not appear in Gilville's lexicon of tastes. And yet I like the taste of peanuts when used in cooking. Chicken, particularly if it's a rather dry bird, is often greatly benefited by a peanut sauce. A good dollop of crunchy peanut butter added to the browned onion and chicken pieces at the same time as you add the stock or water provides a good glossy thickening as well as a lovely mouthful of flavour. A fat pinch each of cummin and chilli powder conspire well with that peanut flavour. Full of protein and low in cholesterol too: peanuts are certainly no junk food.

Peter Fort

Wine

Under the French influence

Edmund Penning-Rowell's second article on Californian wine

SINCE California table wine production began to increase early in the 1970s, the French have taken an increasing role in the first post-war arrival of importance - in 1971 - was Bernard Portet, son of André Portet, régisseur of Lafite from 1955 to 1975. Portet, trained in Montpellier and elsewhere, is the wine-maker of Clos du Val near Yountville in Napa, which was financed and owned by John Goeltz, an American whose mother was a member of the famous Bordeaux family of Guesnier.

yards is Skall, named after the family of Sète in the Midi, which claims to be the largest pasta-producing firm in the world and second largest rice-seller in Europe. Two years ago, Skall bought the property from the Nuits-St-Rémy merchant, J. C. Bois-set, with evident plans of expansion. A new winery has been built with 38 acres of vineyard around it in Rutherford, and he has purchased 1,500 acres in the Pope Valley to the east of Napa but included in the Napa appellation. No wine has yet been released, but in 10 years they hope to sell 50,000 cases. Nowhere, it seems, does hope spring more eternal than in the Napa Valley.

Two French-inspired wines, but as yet unbuilt wineries, are the Mondavi/Baron Philippe de Rothschild project, Ojus One, and Christian Moueix's association with the Daniel Estate in producing Dominus. Discussions took place between two of the most prominent wine leaders in each country as early as 1971, but the first vines, made entirely from Mondavi vineyards, was the 1979, and has been followed up every year. However, the new 104-acre vineyard, which was only planted in 1982, provided 10 per cent of the wine in 1984 and 35 per cent of the most recently released 1987.

The white is quite a decided Chardonnay flavour and good body. The French connection also extends to brandy, and in Carneros it is a surprise to walk into an immaculately clean replica of a Cognac distillery, owned by Rémy Martin - the first Napa brandy "facility" since Prohibition. Rémy Martin started it with Schramberg, the sparkling wine distillery, in 1982, but they have since separated. The capital cost was \$10m in 1982 including specially made French alambics, Limousin oak casks and very attractive buildings. It is estimated that it will take eight to ten years to be profitable.



Blanc and 35 per cent California Chardonnay - 100 per cent Chardonnay. Four thousand cases of each have been released this autumn at \$11 for the red and \$16 for the white. The former has real claret flavour, with a blackcurrant bouquet. Only bottled in August 88

Another new French-owned winery is Napa Beauvallon near Rutherford, which started in 1986 for an initial outlay of \$4m. The owners are the St Emilion family of de Coninck, who run the Bordeaux merchant house of Lebeque; the wine-maker, Jean-Marie Mauvès, comes from Montagne St Emilion and is a graduate of Bordeaux University. Following the California system, they have bought grapes and now offer 1986 Chardonnay, Merlot and Cabernet-Sauvignon: on the whole, light wines for early drinking. They told me that Louis Yerles, who a few years ago sold the enormous Ch. Des Tours in Champagne St Emilion to the Champagne house of Marton et Champagnat, has bought just over 60 acres further up the valley.

One of the newest Napa vine-

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ARTS

Unlikely saviour of the screen

Simon Tait talks to Dick Ross, Professor of the RCA's film and television school

WHEN Dick Ross gave up producing The Nine O'Clock News to take up the Royal College of Art's Chair in Film and Television...

When the cuts hit Bill, they were the largest single winner of awards in the short film festival last year with 28, including a gold Hugo, the short film Oscar...

about directors. Britain's got far too many. What it needs in young creative entrepreneurs capable of generating the opportunities for directors to direct...

and finance are about, and the nature of insurance - could we assist with one of his projects? and suddenly I found that this student alone was generating the money...

nises the set-up when it comes in. They get workshops from the likes of Putnam, Alan Parker and Alan Marshall, not to mention editors, lighting men and camera operators who volunteer their help and spot the talent...

Saleroom Every picture tells a story

THREE months ago, James Miller, of Sotheby's British paintings department, had no idea what he would be selling off next Wednesday in his major autumn sale in London...



'Prime' as the victor of Waterloo by Lawrence - his first portrait of his patron

Gainsborough and Reynolds. However, Miller points out that the other two major collections up for sale are of pictures which have been out of the country for half a century or more...

Industrial tycoons of the UK and the US in their hunt for the John Hopkin's University of Baltimore, which inherited it from James R. Herbert Boone, a local patrician...

Antony Thorncroft reports on an unexpected bonanza for Sotheby's

them and, at the auction, bought most of them back. His masterpiece was a Gainsborough portrait of Mrs Drummond, which sold for a tremendous price...

Between the wars, they bought many portraits of their 'families' - including a Van Dyck of Philip Herbert, Fourth Earl of Pembroke, for £1,720 in 1933; this could make £300,000 next week...

Those years have seen the RCA's film school flourish. In 1978, it was a brick building in a remote part of London...

It seemed an eccentric appointment. I got it because I was the one person the academic world could afford to lose because nobody had ever heard of me...

Ross has transformed the school from a 'scandalous' free resource for young film makers on post-graduate grants into a production company to which he has brought the industry to see, advise and buy...

They made movies, with increasing success, to 1984. It was a triumph over the odds...

Dick Ross outside the RCA's film school: a Grade II listed prefab designed by Brunel for the Crimewar



Dick Ross outside the RCA's film school: a Grade II listed prefab designed by Brunel for the Crimewar

ENGLISH SPORTING art is a completely indigenous tradition. It has no direct ancestor, but when he saw the completed work, depicting him as the victor of Waterloo, erect in field marshal's uniform with the smoke of battle fading away, he would have no other propagandist...

Part of the old prejudice derives from the predominant documentary element in English sporting painting. The rural gentry who commissioned the artists were rarely patrons of the arts in any other respects...

with little attention to detail. This dedication to realism detail has made sporting painting the most traditionalist branch of art, as numerous illustrations in the book clearly demonstrate...

extent in Britain means horse painting. The first was the ascendancy of George Stubbs whom Basil Taylor has called 'next to Leonardo da Vinci, the greatest painter-scientist in history'...

ing animal with legs outstretched like a rocking horse. 'Collecting working art is not a long book, and can only provide an outlined guide to a large subject. Not its least merit is the selection of 140 illustrations, many of them unfamiliar works. The disadvantages of this kind of symposium - essays are contributed by nine writers - is a degree of overlap. The compensation is an enlightening lack of uniformity - there are, for instance, refreshing clashes on Aldin...

Collecting Take a sporting view

Records together for a short animated film. I enjoyed a couple of unusual orchestral settings of songs by Schubert and Schumann, but the best overall reason for acquiring the disc is a fine performance of the Serenade itself from Neil Mackie and the Scottish Chamber Orchestra under Stewart Bedford...

Chess To find the nearest comparison, you have to go right back to Bobby Fischer's emergence late in 1957 when he won the US Open and US Chess titles in space of six months. Fischer was then approaching 15. Probably only three other players - Spassky, Mecking and Kasparov - have ever reached 2,500 before age 16...

Black (4 MEN) White (5 MEN) Chess Black has set up a solid defensive formation, but here and in the next few moves he loses too much time in a harmless queen's side advance. A better plan is N-Q2 to capture the pawn...

THE DOCKLANDS GALLERY DELTAISM POST CURSUS ALL BY PROFESSOR ALI 2nd October - 27th November 1983 Open Daily 11am-5pm

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New gem by Britten

IT IS said that an envious contemporary once remarked of Benjamin Britten: 'He only has to sneeze and it's recorded.' If that is how other composers felt then, it would be interesting to hear what they think now. A decade and more has passed since Britten's death and yet the stream of first recordings of his music is flowing as freely as ever...

the opening line and plays them over and over until they reach a pitch of frenzied excitement - like the whole, a fine and intellectually rigorous piece that rewards repeated listening. As to the performances, I wish I could endorse the enormous enthusiasm registered elsewhere, but it seems to me that the members of the London Sinfonietta Chorus just fail to knit together into a single musical unit as the best of our smaller professional choral groups do...

Richard Fairman

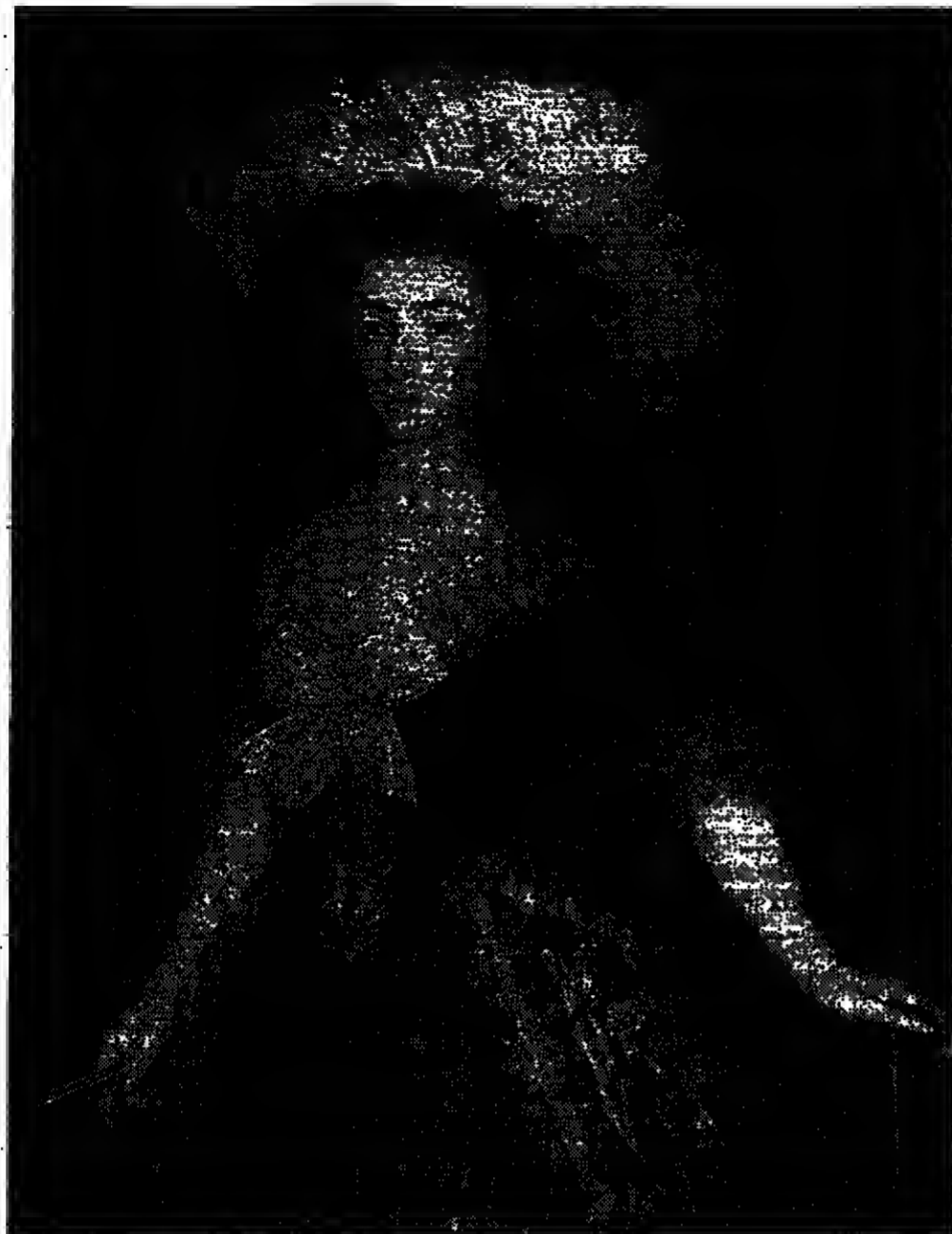
ARTS

Goya, the voice of conscience

Susan Moore visits an exhibition at the Prado Museum, Madrid

G OYA HAS tradition- been seen as an isolated genius, his satirical subject-matter and powerful imagery the creation of his own extraordinary imagination. In reality the artist's preoccupation with the superstition, ignorance and history of "black" Spain owed a great deal to the liberal despots, the reforming lawyers, writers and businessmen who dragged Spain into the modern world.

Similarly, there seems to be no barb to his Winter tapestry cartoon of "The Wounded Mason." A new edict on safety in the building industry may have been seen as a model of enlightened legislation, but any serious intent must be discounted in the face of Goya's reworking of the composition as "The Drunken Mason."



The most enlightened woman in Spain: Goya's portrait of the condesa-duchessa de Benavente

that left both sides as bestial as one another, and to the ultimate disaster, the restoration of a reactionary monarchy under Ferdinand VII.

All the while, official portraits continue. Goya was slow to mature artistically, if he died in 1792, he would be remembered only as a painter of promise.

swooning, gripping the bedclothes. It is missing the point to say that he remained an uncertain draughtsman. He was a rare spirit who came to understand the complexity of the nobility and baseness of man.

Pollini's Schoenberg

THE SOUTH Bank Schoenberg Festival brought Maurizio Pollini to the Festival Hall to play three of Schoenberg's piano works: the Six Little Pieces Op. 11, Five Pieces Op. 23 and Two Pieces Op. 33. It would have been in order for him to give the other two piano opuses - the Three Pieces Op. 11 and Suite Op. 25 - and so present the complete oeuvre. Instead his programme concept afforded a consideration of piano music which went before Schoenberg (Brahms's Four Pieces Op. 119) and which came after (Stockhausen's Piano Pieces V and IX). Beethoven's Appassionata sonata was somewhat gratuitously thrown in at the end, but it certainly pleased the crowd. I should add that Pollini has already performed Schoenberg's Op. 11 for the Festival, while Bernard Roberts will be playing the Op. 25 suite in the Purcell Room on Monday.

There was of course nothing crude or eccentric, but that C-sharp minor quartet has rarely sounded so unchallenging and painlessly smooth. What used to seem light, taut precision now seemed merely lightweight. Their two op. 18 quartets, the C minor and the F major (having less to lose) and boasted some creditably attractive playing, especially on records, for it has never cultivated a large sound or bold dramatic effects. Nor have those been missed, given the Quartet's exact subtleties; but on Thursday they offered less subtlety than mannerism, and scant indication - even in the great op. 131 quartet - that the music was being vitally thought through.

exactitude, and a quality of pure dash which could scarcely fail to seduce the most sceptical listener. The two Op. 33 pieces were slightly less compelling only because they are less musically interesting, not because the rendering was any less vital or sympathetic. Not even Pollini's scintillating advocacy could redeem the two Stockhausen pieces from vacuousness. No. IX, which begins with a couple of hundred repetitions of the same chord then trails off into idle arabesque, was more tiresome to the ear than the compact, explosive No. V; but it was entertaining of him to have included them at all, and there were indeed some noteworthy points of contact with the pianistic language of Schoenberg. Pollini's inflexible, virtuosic *Appassionata* I did not care for: all power and no passion, all speed and no rhythm, it was streamlined out of musical existence.

Beethoven quartets

THE ALBAN Berg Quartet have begun their complete cycle of Beethoven's string quartets in the Queen Elizabeth Hall. It was not an auspicious beginning, but perhaps it was only an off-night (let lag?). This ensemble has long been admired in the classical repertoire for its finesse, clarity and judicious sense of proportion - especially on records, for it has never cultivated a large sound or bold dramatic effects. Nor have those been missed, given the Quartet's exact subtleties; but on Thursday they offered less subtlety than mannerism, and scant indication - even in the great op. 131 quartet - that the music was being vitally thought through.

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Berg's leader. A tight, fast vibrato, at once super-sweet and slightly acid, for every available phrase; a tic of investing significant notes with a sudden swell and an instant drop; a pusy habit of skipping ahead to the downbeat of a tune - all inimical to the commitment to which the Quartet is respected, and to the real variety of Beethoven's writing. Against such competition the mild manners of the other Quartet members shrank into subservience, for this has never been an ensemble of individually commanding voices. We must hope that its original, delicately balanced economy will soon be restored.

Stars shine in Beckett

Frank Lipsius on 'Waiting for Godot' in New York

WAITING FOR Godot at the Lincoln Centre was bound to be the hottest ticket in New York this season. Performed in the small, 300 seat Mizz E. Newhouse theatre by a cast of Hollywood stars, Mike Nichols' production is scheduled for only seven weeks to let its principals, Steve Martin and Robin Williams, go back to earning real money. Meanwhile, they bring the panache of their standup comic personas to Beckett's marvelously malleable text.

recent hit film, *Good Morning, Vietnam*, Williams could claim he is downright restrained. Steve Martin turns Vladimir into a robust, familiar, slightly bombastic character with complete fidelity to the lines. He assumes Vladimir has some affliction that forces him to grab his crotch at regular intervals, but the words are sacred.

into a dirge. Williams and Martin follow more in the tradition of the great comic Bert Lahr; the first American set looks so much like a romanticised American desert it could be a Sam Shepard play. Besides the steer skulls, the sandy road is surrounded by a large tractor tyre and a couple of burned out campfires. Far from accepting the desolate monochrome Beckett ordained, Nichols specifies America by referring to Napa, California's wine growing region. The playbill notes that the text was provided by the author in August 1968, presumably for this production. But the change of locale was probably not among the playwright's alterations, which are unnoticable. For an American audience, the production rescues profundity from boredom while showing the very best a polished music hall veneer can do for a classic text.

moment, we know the truth. There is an Ibsenite gravity to these early scenes of bluster and concealment, but without that Ibsenite control over the slow, sustained unravelling of information in a dramatic time-scale. The play is written in gasps, and increasingly hysterical ones.

suicide of two mothers, the relative merits of analysis and the sunbed. The people sound like decent puppies, and not only was their talk written with great exactness, down to the smallest mannerism, but played as exactly.

Old Babylonian bronze figure of a ram, circa 2000-1600 B.C., length 3 1/2 in. Estimate: \$25,000-35,000 (£14,000-20,000)

Filial relations debunked

Michael Coveney reviews a new play at Cheltenham

gentle bickering between Maurice Callender, Ruth's politically active classical scholar of a husband ("Have you seen my Herodotus?") is one of his less riveting opening conversational gambits, and Maurice's widowed mother, Isobel (Annette Kerr), who believes she is destined for a sheltered home or granny hut.

anyone because "they left that bit out." At this point I feared that Cheltenham might not be prepared for what was to come. Keith's inadequacies, thank God, prove merely emotional. The play is intent on debunking filial relationships and is full of strong scenes. But Graham Berown's leisurely, indulgent direction, only underlines the major flaw. That is, the inability of the playwright to write in longer, more continuously interlocking episodes.

Towards the end, we suddenly have a political scene in which Maurice (Leon Tanner) laments the Conservative victory of 1987. The Callenders have been busy thus far over dates. We had no idea all this had something to do with a General Election. Which, of course, it hasn't. But by now Robert Scott is throwing in just about everything, including, not a moment too soon, the towel.



Deborah Poplett and Martin Barriss in 'Acts of Kindness'

relevant. I had the same experience long ago when I wrote for radio. My first three plays were accepted and broadcast pretty well as written, though I had done nothing of the kind before.

Other points raised were on a more practical level. What listener do you write for? (Minghella does not write for any, Mortimer only for himself.) How attentively do you listen? "I get about my business and the radio comes with me," Gillian Reynolds said. How does radio acting compare with stage acting? Nice not to have to learn lines, John Moffatt thought, but costumes and props help to establish a character. Anthony Minghella reckoned he was sometimes humiliated by what he had written, seldom pleased.

ROYAL ACADEMY OF ARTS Open Daily 10-6, Burlington House, Piccadilly, London W1 HENRY MOORE "...exquisitely well chosen and magnificently installed retrospective ...the best opportunity yet for re-assessing his entire career" THE SUNDAY TIMES 16 SEPTEMBER - 11 DECEMBER 1988

Radio Drama over the airwaves LAST SUNDAY afternoon's play in Radio 4's (and the World Service's) Globe Theatre season was followed by a 45-minute discussion on radio drama. There were four writers - Shirley Gee, William Trevor, John Mortimer and Anthony Minghella - an actor, John Moffatt, and a critic, Gillian Reynolds, with Leonard Pearcey as presenter. The subject is elusive, and no one said anything quite so vital as Richard Inison of the BBC's Radio Drama department, who produced. He took the line which I have always followed, that radio drama is an individual art, separate from the theatre. A radio play and a stage play have the one thing in common, both are made of words. From these one can build artefacts as different as sonatas from landscapes. William Trevor touched on this point when he compared writing radio drama with writing short stories. Shirley Gee and John Mortimer both recalled that when they began radio writing, they had only their instinct to guide them; other writing was not

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SPORT

There's only one Brian Clough

Philip Coggan looks at one of England's most enduring football characters

IF MANAGERS of England's soccer teams were chosen by popular vote, Bobby Robson would have been out and Brian Clough installed years ago.

What makes Clough's popularity so remarkable is that it has been achieved while managing unfashionable clubs - first Derby and now Nottingham Forest, where the average crowd last year was a meagre 19,670, even though the side finished third.

Over the years, there has been a sea-change in the perception of Clough's character. In his early years, his mannered vocal delivery, his forthright opinions and his arrogant demeanour made him the manager that fans loved to hate.

He was a frequent target for television impersonator Mike Farwood who once portrayed him as "The Great Clatsky" delivering lines such as "Derby have got a new coach. They knocked my teeth out and put seats in."

Nowadays, Clough has assumed the role of elder statesman. Although he still makes trenchant observations on the game, it is far less clear these days whether he believes what he is saying or whether he is just having fun at his interviewer's expense.

One of the reasons for this change in perception is that Clough's style of management can only be described as unorthodox. In Viv Anderson's biography "The one-time Forest full-back describes Clough's penchant for demanding unquestioning obedience from his players."

One morning, the initial, Anderson says, "it was a really cold day, and we all

had tracksuit bottoms on. Clough comes along and says "Right, tracksuit bottoms off, run in and out of these pointing to a field of nettles next to the training ground. We were stung to high heaven but we all went - Shilton, Burns, Lloyd, Francis, all experienced internationals."

Anderson became used to Clough's high standards and sharp wit, but other players were less amenable. When Clough departed from Derby after a row with the chairman, he lasted just 44 days at his next club, Leeds, which was used to the rather less flamboyant style of Don Revie.

Derby quickly won the championship under its new manager, Dave Mackay, whereas Clough moved to Brighton, then languishing in the Third Division. Within the year, Clough had moved on to Nottingham Forest, then 13th in the Second Division. He moved without his long-time partner, Peter Taylor, and many predicted that his glory days were over.

Yet within three years of his arrival in Nottingham, Clough had steered the club to a League championship and League Cup double, and followed that up by winning the European Cup, arguably soccer's premier club competition, in each of the following two seasons.

By then, Taylor had returned to his partnership with Clough, but Forest's performance was still an outstanding personal vindication for the manager.

What made it all the more remarkable was that, with the exception of goalkeeper Peter Shilton, the initial team he achieved without any "star" players.



Brian Clough... definitely not over the moon

Indeed, Clough seemed to have the ability to take previously mediocre players, push them into new positions and make them perform brilliantly.

John Robertson, a podgy Scottish midfielder, was turned into a devastating winger. Kenny Burns, an aggressive striker, was transformed into a central defender who was made Player of the Year. The untried John McGovern became club captain and heart of the team. Little Archie Gemmill, who some thought was too old for First Division football, ran his heart out in midfield.

Some players seemed only able to flourish under Clough's eccentric guidance. Garry Birtles came from the non-League Long Eaton, became a success at Forest and departed for £1.25m to Manchester United. From the point he left Forest, his career seemed to go downhill.

Similarly, Steve Hodge, the England midfielder, never seemed to settle down at Tottenham Hotspur - he is now back at Forest and showing signs of his old form.

As his original Forest side broke up, Clough seemed to lose his way. He bought expensive strikers - Peter Ward, Justin Fashanu, Ian Wallace - and scored few goals out of them. Even Trevor Francis, the first firm player, proved something of a disappointment because of his susceptibility to injuries.

Clough managed to rebuild his team in the mid-1980s and Forest is now, despite its 41 defeat by Arsenal last Sunday, one of the most exciting teams in the country. If Clough can keep the team together, the

prospects must be exciting - the average age of the squad is just 23.

Perhaps the most impressive player in the team is the manager's son, Nigel. Plenty of people who have felt the rough edge of Brian's tongue must have been relishing the prospect of savaging his son's on-field performance. And comparisons were inevitable - Brian was an extremely successful striker with 261 goals in 274 League games before injury ended his playing career.

Yet Nigel Clough was not only Forest's leading scorer last season, he was the third leading scorer in the First Division. He ended the class with almost 20 goals of the ball and although he is believed to lack a yard in pace, he surely deserves an England cap.

Nigel Clough's understanding with the tall midfielder Neil Webb is a key element in the team's success, and behind them in defence Clough has recent England caps Des Walker, Stuart Pearce and the solid Colin Foster. Forest have also produced a succession of tricky wingers, notably Franz Carr and Gary Crosby.

It is hard, looking back over the years, to discern any common thread in Clough's teams - after all, he has been prepared to use central defenders as diverse as the elegant Colin Todd and the lumbering Larry Lloyd.

His teams do tend to keep it simple, relying on fast passing movements to the feet for attack and getting numbers into the ball for defence. In the last few years, Forest has also consistently managed an excellent disciplinary record.

But what surely must be responsible for his enduring popularity is his ability to produce successful teams, on limited resources, year after year, when some of his big-name rivals have achieved little with so much more.

By Andrew Longmore, published by Heinemann Kingswood £9.95.

The crippling cost of tennis

ACCORDING to Darwinian theory, only the fittest survive. In the present tennis jungle even the fittest beasts are threatened with extinction. Such fine natural athletes as Boris Becker, Pat Cash and Stefan Edberg have all crawled away to lick their wounds - Becker with ankle trouble, Cash and Edberg with serious knee problems.

And they are not the only ones. Ivan Lendl had arthroscopic knee surgery 18 months ago and has just had a similar operation to cure a shoulder problem. The new world No. 1, Mats Wilander, is nursing his legs back to health after playing with painful shin splints during his winning run at the US Open.

Anders Jarryd has had two major knee operations in the past two years. Henri Leconte had an operation in February last year to cure a herniated disc. Jimmy Connors must at

John Barrett on a game's victims

Christmas and the New Year to time in special events and exhibition matches organised for them by their agents.

This very week the multi-million dollar Stuttgart tournament, organised by Becker's manager John Triac, faces a similar fate. John McEnroe, Tim Mayotte and others from the Benson and Hedges tournament, now in its 13th year at Wembley and part of the official circuit.

This problem will not go away even when the players organise their own tour from 1990 onwards. The simple truth is that the sport has become too successful for its own good. The queue of companies and cities wanting to sponsor tournaments cannot be accommodated in an already crowded calendar.

That body, it would now appear, is defunct. The three ATP representatives walked out of its last meeting, held in

London two weeks ago, and are not expected back. It remains to be seen whether the three International Tennis Federation members and the three tournament directors feel that they can stage a modified Grand Prix tour in 1990 without the commitment of any leading players.

It is not certain that, from 1990 onwards, the main professional tour will be organised and administered by ATP. The four Grand Slam championships will remain independent while the Davis Cup and the Olympic Games will continue to be controlled by the ITF which will also remain as guardian of the Rules of Tennis and as promoter of amateur tennis through their 147 member nations.

The main talking point now is the shape that the ATP tour will take. It is reassuring to note that the Lawn Tennis Association, through executive director Ian Peacock, and the All England Club, through chairman Robert Hodgson, have taken the initiative to preserve the links between the players and the establishment.

They flew to Dallas this week for talks with ATP executive director Hamilton Jordan, a former chief of staff at the White House during Jimmy Carter's presidency, to explore ways of co-operating. This was timely because there was a real danger of the links being severed for ever, largely because of the stubbornness of Philippe Chatrier, president of the ITF.

It is sad that one who has contributed so much to the development of the game cannot understand that it is now evolving to suit the needs and pressures of the times. I see nothing wrong with the players controlling their own destiny so long as they recognise their obligations. They must cater for the needs of all their members - not just the stars - and must educate and discipline them so that they give value to sponsors and the public. They must support the Grand Slam championships, the Davis Cup and the Olympic Games where reputations are made.

CROSSWORD

No. 6,784 Set by CINEPHILE. Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 23, marked Crossword 6,784 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday November 26.

Crossword puzzle grid with clues for Across and Down.

ACROSS: 1 Fighting among fish without courage (6); 2 Sound of sea bird without courage (6); 3 Nothing less includes nothing sinister (7); 4 Compiler asserts identity where there are pictures to copy (7); 5 Wanting the skill without courage (6,5); 6 Sport for king without courage (4); 7 Wife whose courage comes from liquor (5); 8 Poor lot torched north without courage (8); 9 Man's man maybe, I say nasty things about (8); 10 Object from wall in Paris (5); 11 Beasts without courage? I don't believe it! (4); 12 Sal leaves mayonnaise, making a speech (10); 13 They should have been included among things that sadden Daddy (7); 14 Can I (Nice) (7); 15 Colour without courage (6); 16 Eastern Yanks may be without courage (6); DOWN: 1 Stop and start command (5); 2 Flier, crazy fellow, gets tight easily (4,3); 3 Hoopman with shoes on a carefree way to ride (9); 4 Clock up? Send by post, probably (5); 5 Put a cross against the name of vet or producer (4,3); 6 22 Number of the FT between Anthony and Eleanor? Definitely oo! (3,4,3); 7 Where soldiers get money to give financial help, we hear (3,5); 8 Outstanding performer gets

TELEVISION & RADIO

SATURDAY

Television and radio schedule for Saturday, listing programs on various channels like BBC1, BBC2, Channel 4, Granada, etc.

SUNDAY

Television and radio schedule for Sunday, listing programs on various channels like BBC1, BBC2, Channel 4, Granada, etc.

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